

045101

JPRS-SEA-85-160

18 October 1985

DISTRIBUTION STATEMENT A

Approved for public release;
Distribution Unlimited

Southeast Asia Report

19980501 035

DTIC QUALITY INSPECTED 3

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

5
170
A08

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

18 October 1985

SOUTHEAST ASIA REPORT

CONTENTS

INDONESIA

Editorial Criticizes Jenkins Bill (SINAR HARAPAN, 18 Sep 85)	1
Political Climate in 1985 Expected To Remain Steady (KOMPAS, 2 Jan 85)	3
PKI Cadres' Activities, Arrests Reported (KOMPAS, 26 Sep 85)	5
Reconciliation of Syarikat Islam Factions (TEMPO, 13 Jul 85)	7
NU Has No Ambitions for Position (PELITA, 3 Jan 85)	10
Whereabouts of Former PKI Prisoners in Aceh Unknown (PELITA, 24 Aug 85)	12
East Java United Development Party Conference (MERDEKA, 4 Jan 85)	14
East Java HMI Accepts Pancasila as Sole Principle (SINAR HARAPAN, 19 Mar 85)	15
Governor of East Timor Interviewed (KOMPAS, 20 Mar 85)	16
Environmental Protection in Big Dam Construction Urged (KOMPAS, 21 Aug 85)	19
HMI Supports Implementation of SK on Elementary Education (PELITA, 10 Apr 85)	21

Decision of Elementary Education To Be Implemented (HARIAN UMUM AB, 8 Apr 85)	23
Government Abolishes IWPL for Foreign Workers (HARIAN UMUM AB, 9 Apr 85)	25
Government Continues To Protect National Industry (KOMPAS, 11 Apr 85)	27
Protectionism for Domestic Industries Debated (Various sources, various dates)	30
Economist Argues Against Protectionism	30
Investment Board Chief's Response	33
Minister Says Protection Needed	34
Supervision of Trade With PRC (HARIAN UMUM AB, 11 Apr 85)	36
Remainder of Pertamina Debt 150 Billion Rupiah (KOMPAS, 13 Apr 85)	38
Difficult To Move New Products Into Japanese Markets (HARIAN UMUM AB, 13 Jul 85)	39
Offshore Workers Must Not Discuss Problems With Reporters (MERDEKA, 13 Jul 85)	41
Taiwanese Official Comments on Indonesian-PRC Trade (TEMPO, 13 Jul 85)	43
Regulations on Capital Investment Relaxed (KOMPAS, 13 Jul 85)	45
Purchase of Used Foreign Ships Opposed (KOMPAS, 2 Jan 85)	48
Military Region Command XII Reorganized (HARIAN UMUM AB, 4 Jan 85)	50
Nurtanio CN-235 To Replace F-27 (KOMPAS, 3 Jan 85)	52
Briefs	
Outgoing Hungarian Amassador	54
Joint Oil Production Launched	54
State Radio Fire	54
Buddhist Association Accepts Pancasila	55
Squadron Four Reactivated	55
PPM Welcomes Education Decision	55
NU Appreciates Education Decision	56

MALAYSIA

VOMD Says Government Violates Opposition Rights (Voice of Malayan Democracy, 26 Sep 85)	57
--	----

Briefs

Extradition Pact With Singapore	60
Yearend External Debt Projection	60

NEW ZEALAND

Columnist Reports Growing Concern on Economy (Tony Garnier; THE EVENING POST, 24 Sep 85)	61
Columnist Analyzes National World View, Urges Change (Tony Garnier; THE EVENING POST, 26 Sep 85)	65
Government Options on Timor Policy Analyzed (Bruce Kohn; THE EVENING POST, 23 Sep 85)	69

PHILIPPINES

Roxas Turns Down Liberal Presidency; Party Split (Various sources, various dates)	72
Compromise Candidate Concedes	72
Party Rift Profiled, by Rina Jimenez David	73
Editorial Views Rivalry	78
Marcos Extends Service of Six Generals for Six Months (Various sources, 2 Oct 85)	79
Extensions Listed	79
Extendees' Status Updated, by Arnold Atadero	79
Columnist Says Time for Reconciliation Over (Ramon R. del Rosario; BUSINESS DAY, 17 Sep 85)	82
Sources Cited on Possible Reorganization of PC (Marites Danguilan-Vitug; BUSINESS DAY, 11 Sep 85)	85
SEC Releases Capital Investment Figures (BUSINESS DAY, 10 Sep 85)	87
Obstacles to Third Credit Tranche To Be Cleared Soon (BUSINESS DAY, 12 Sep 85)	89
New Letter of Intent Submitted to IMF (Rigoberto Tiglao, Tara Singh; BUSINESS DAY, 19 Sep 85)	91
Rice Price Controls To Be Lifted as World Bank Commitment (Rigoberto D. Tiglao; BUSINESS DAY, 18 Sep 85)	94

Columnist Analyzes Corruption in Military (Nick T. Jimenez; BUSINESS DAY, 19 Sep 85)	96
Japanese Embassy Official on OECF Aid (BUSINESS DAY, 20 Sep 85)	98
Protestant Says CIA, Others in Campaign Against Church (BUSINESS DAY, 20 Sep 85)	99
Food Authority Uses Corporate Funds for Rice Program (METRO MANILA TIMES, 3 Oct 85)	101
Public Information Strategy Tried in South Cotabato (THE MINDANAO DAILY MIRROR, 15 Sep 85)	102
Briefs	
Rehabilitation Program Gains	104
Marcos Meets USSR Veterans	104
Communist Strike Links	104
Manila University Clash	104
Peso's Purchasing Power Falls	105
Two NPA Rebels Killed	105
Further Drop in Inflation Expected	105
Quezon Police Station Raid	106
Ramos Invited to Vessey's Retirement	106
CPP Plans Uncovered	106
Probe of Negros Rally Deaths	106
Communist Setbacks Cited	107
Call for National Unity Renewed	107
Campaign Against U.S. Intervention	107
World Bank Loans for Fertilizer	107

SINGAPORE

Opposition MP, Party Chairman Given 3-Month Jail Terms (AFP, 25 Sep 85)	108
Moves Made To Create Combat Helicopter Force (John Thomas; AFP, 30 Sep 85)	109
Minister Discusses Economic Questions (AFP, 30 Sep 85)	112

THAILAND

Daily Views U.S. Discrimination Against 'Equal' (Suthep Atthakon; MATICHON, 24 Sep 85)	114
Warrant Out for Arrest of Former Student Leader (BANGKOK WORLD, 8 Oct 85)	116
Official on Coup; Army Radio Cancels Show (THE NATION, 6 Oct 85)	117

Official on Surrender of More 'Communist Terrorists'	119
(Bangkok Domestic Service, 23 Sep 85)	
Cartoon on Cambodia Policy, Domestic Priorities	120
(BAN MUANG, 23 Aug 85)	
Army Official on Cambodian Border Situation	121
(Bangkok Domestic Service, 21 Sep 85)	
Thailand Orders Refugees, Spying for SRV, Laos, From River Area	122
(THE NATION, 8 Oct 85)	
Thai Government Concerned Over Soviet Student Recruiting	123
(THE NATION, 7 Oct 85)	
Thai Daily Wants Investigation of Soviet Scholarships	126
(Editorial; THE NATION, 8 Oct 85)	
Paper Supports Aggressive Trade Strategy	128
(Editorial; THAI RAT, 22 Sep 85)	
Military-Run Corporation Gets Foreign Investment Offers	130
(Pattnapong Chantranontwong; BANGKOK POST, 23 Sep 85) ...	
Nongkhai Official Trade With Laos	132
(BANGKOK POST, 21 Sep 85)	
Clergy Exonerates Monk in Chit Fund Scandal	133
(THE NATION, 21 Sep 85)	
Sommaai Cuts Debt Ceiling	134
(THE NATION, 20 Sep 85)	
SUA Said To Be Pressuring Other Hilltribes	135
(THE NATION, 22 Sep 85)	
SUA Reportedly Kills Seven for Aiding Rival Force	136
(THE NATION, 1 Oct 85)	
Prem Economic Adviser Asks Shift in Emphasis	138
(THE NATION, 19 Sep 85)	
Ministers Join Talks on Economic Package	140
(THE NATION, 19 Sep 85)	
House Speaker Profiled	142
(THE NATION, 22 Sep 85)	
Official on Fishing Accord With Indonesia	144
(BANGKOK POST, 8 Oct 85)	

Briefs

Japanese Yen Loan	145
Diplomatic Ties With Morocco	145
Aviation Agreement With United Kingdom	145
Report on Wounded Foreigner	146

VIETNAM

LABOR

Regulations on Corvee Labor (LAO DONG, 15 Aug 85)	147
Price Subsidies to Wages Not Cure for Every Problem (LAO DONG, No 26, 27 Jun 85)	149

POPULATION, CUSTOMS, AND CULTURE

Dac Lac Fatherland Front Assists Ethnic Minority Settlement (Tran Van Lap; DAI DOAN KET, 31 Jul 85)	154
--	-----

BIOGRAPHIC

Information on Vietnamese Personalities	157
---	-----

INDONESIA

EDITORIAL CRITICIZES JENKINS BILL

BK010351 Jakarta SINAR HARAPAN in Indonesian 18 Sep 85 p 6

[Editorial: "U.S. Restrictions on Textile and Garment Imports"]

[Text] Lately, the United States has been criticized by many countries in the world. The draft bill on restricting textile and garment imports known as the "Jenkins Bill" has angered Indonesia, the PRC, Brazil, India, Pakistan, Thailand, Hong Kong, South Korea, Taiwan, the Philippines, Japan, and Singapore. Indonesia will face the strictest restrictions of the 12 affected countries.

Not only has the draft bill been criticized by other countries, but it has also been rejected by domestic circles in the United States. Five cabinet-level officials--Treasury Secretary James Baker, Secretary of State George Shultz, Commerce Secretary Malcolm Baldrige, Labor Secretary William Brock, and Assistant Commerce Secretary Michael Smith--have urged Congress to defeat the draft bill.

Commerce Secretary Malcolm Baldrige said in a statement that the new regulations will almost certainly cause other countries to take retaliatory measures.

Recently, Senator Lloyd Bentsen of the Democratic Party presented a proposal to Congress imposing additional taxes on imported goods from various countries, including Japan.

He proposed a 25-percent tax on imported goods from countries whose exports to the United States are 165 percent higher than U.S. exports to them.

We are not yet sure whether the U.S. Congress will accept or reject the draft bill on restricting on textile imports, nor do we have a clear picture of Senator Lloyd Bentsen's proposal. However, it is obvious that certain groups in the United States are showing unsound and destructive trends in developing the free international trade system. The United States has thus far been known as the "champion" of economic liberalism and market mechanism.

The increasing protectionism in the United States is generally attributed to the increasing unemployment rate and market disruption. In fact, U.S. unemployment has stemmed from technological advances resulting in reduced use of manpower. U.S. unemployment is also attributed to structural weaknesses, which make U.S. products less competitive in the international market.

The United States has been unable to cope with its rapidly declining industries and to determine which industries are competitive. The United States has finally blamed other countries for its inability by protecting its inefficient domestic industries.

An example of the structural weaknesses of the industrial sector in the United States is the U.S. productivity rate, which is far lower than that of Japan.

We can conclude that it is too much for the United States to cite increasing unemployment as the justification for its protectionist policy. In the United States itself, some groups strongly oppose the protectionist policy because it will only lead industrialists to determine prices arbitrarily at the expense of consumers, particularly the lower-income groups. The unemployment is only a pretext to preserve inefficient and uncompetitive industries.

It is clear to Indonesia that its textile and garment exports will face various restrictive measures. It is not unlikely that the current U.S. restrictions on textile imports will lead to restrictions on imports of other industrial products.

The best way for Indonesia to face the current situation is through more intensive diplomatic approaches and contacts with the United States so that every bilateral trade problem can be settled quickly.

CSO: 4213/3

INDONESIA

POLITICAL CLIMATE IN 1985 EXPECTED TO REMAIN STEADY

Jakarta KOMPAS in Indonesian 2 Jan 85 p 5

[Text] The political climate in the coming year 1985 in general will stay steady. "It will not heat up but lessen," said Soebekti, Vice Chairman, Commission I of Parliament, to journalists in Solo last Saturday. Commission I covers Defense and Security, Information and Foreign Affairs.

Soebekti said he does not agree with current opinions which predict the coming year will be full of political flare-ups. These predictions are based among other things on the trials of the Tanjungpriok case and the BCA bombing in Jakarta.

In Soebekti's opinion, the trials of these national cases in the future will decrease the previous tension. "Through the trials the general public will know more clearly the problems. So that the situation will decrease," he stated. During the recess at the end of the year, Commission I led by Soebekti visited outlying districts, among them Solo.

He further explained his prediction based on "recent political attitudes of political parties including Golongan Karya." Accepting Pancasila as a principle reflects the growth of national harmony which is increasingly firm. In addition to that, through persuasive approaches of the government, continued Soebekti, it all leads in the direction of stability along with the realization of future honest and Luber [Direct, Universal, Free and Secret elections].

The Commission I Vice Chairman of the PDI faction pointed out that the last general election draft bill and Susduk draft bill "felt very different from the previous general election draft bill." Having two RUU [Draft Laws] within two months is an achievement never accomplished before. "This indicates that our political association has begun to be steady and mature," said Soebekti.

More Secure

He guaranteed the climate of future general elections will be better and more secure. The implementation also will be more democratic and direct, universal, free and secret elections will be held in full. The right of government employees to vote according to each one's aspiration will be more

guaranteed by law. "I think," Soebekti added, "in the future there will no longer be objective or subjective factors which become problems."

Concerning public security and order, Soebekti indicated it recently appears to be clearly increasingly steady and controlled. This is due in part to methods of approach and persuasion made by the government.

12836

CSO: 4213/139

INDONESIA

PKI CADRES' ACTIVITIES, ARRESTS REPORTED

BK301134 Jakarta KOMPAS in Indonesian 26 Sep 85 p 12

[Text] Jakarta, KOMPAS--Young cadres of the banned Indonesian Communist Party [PKI] continue to infiltrate various agencies, including the bureaucracy. To cope with this threat, the public and state apparatus have no choice but increase their vigilance.

Dr Suhardiman, vice chairman of the Functional Group faction in charge of political and security affairs, made these remarks to reporters at the House of Representatives building on Wednesday [25 September] following a report that 15 FRG citizens staged a protest in front of the Indonesian Embassy in Berlin. The demonstration, by a group of people claiming to be members of Amnesty International, took place at about 1730-1830 Berlin time or 2300-0030 West Indonesian time and was led by Wolfgang Kapuhe. They assembled and sat down on the pavement, waving four posters written in German.

A KOMPAS source disclosed that the demonstrators were the same people who staged earlier demonstrations in 1982 and 1983. The source added that the demonstrators had requested a permit from the local police and informed them that the demonstration would consist of 40 people. They said they wanted to submit a resolution to the Indonesian Government via the Indonesian Embassy in the FRG.

While the demonstration was under way, the local police did their duty well so that no violence took place. Even though the demonstrators were unable to deliver their resolution to embassy officials, they managed to display posters calling on the Indonesian Government not to execute condemned PKI leaders, such as Rustam Widodo and Wijayasastra. Another poster discredited the Indonesian Government's decision to execute other PKI leaders, namely Muhamed Munir, Dody Lestario, and Joko Untung Rustomo.

Suwardiman, who is also chairman of the Indonesian Independent Workers Federation, predicted that the occurrence of such protests will increase on the eve of the 20th anniversary of the abortive PKI coup attempt at the end of this month. He stressed that the "red" cadres will try to infiltrate various agencies, including the bureaucracy.

When they have succeeded in their mission, they will instigate and mislead the public to create confusion.

According to Suhardiman, infiltrations can come from inside the country and consist of young PKI cadres who are now in their thirties. Infiltrations from overseas are usually sponsored by communist countries.

Replying to a question on whether any cadre has been arrested thus far, Suhardiman said some cadres, including the younger brother of Ajitorop, a PKI leader, have already been arrested. The suspect is now being held by the authorities for intensive interrogation. He added that the issue of young communist cadres' infiltrations cannot be separated from the recent arrest of five PRC nationals on charges of using forged Indonesian passports.

The incident took place not only due to the negligence of the immigration officers, but also due to activities of certain persons, who are now being sought by the authorities, because they helped arrange for the PRC nationals to obtain the passports in Bangkok.

CSO: 4213/3

INDONESIA

RECONCILIATION OF SYARIKAT ISLAM FACTIONS

Jakarta TEMPO in Indonesian 13 Jul 85 pp 18, 19

[Text] People vied to greet him and kiss his hand after his name was announced as the general chairman of the executive committee of SI [Syarikat Islam/Islamic Union]. Harsono Tjokroaminoto, 72, the new general chairman, moved forward last Monday and has the authority to settle the crisis that has divided the SI. The SI is the oldest of the Muslim organizations that once held the status of political parties.

Drs Ramly Nurhapi, a member of Parliament and leader of the SI in South Sumatra, said with regard to Harsono: "The implementation of all of his decisions is guaranteed. He has strong influence both outside and within the SI." Harsono is a member of the Presidential Advisory Team on the Application and Practice of the Pancasila and he has also served as a government minister, ambassador and member of the Supreme Advisory Council. But more important, he is the son of Haji Oemar Said Tjokroaminoto, the founder of SI and foremost leader of the movement.

The 34th congress of SI, which was convened in the barracks for Muslim pilgrims at Pondok Gede in Jakarta from 6 to 8 June last, can be described as a successful congress. It was opened by Vice President Umar Wirahadikusumah, closed by Minister of Religious Affairs Munawir Siadzali, and attended by some 1,000 persons representing 451 of the organization's branches and 20 of its zones. Only six branches and six zones were not represented, and this was "due to financial reasons" according to one secretary.

It appears that the groups that have been feuding since the 33rd SI congress was held in Majalaya, West Java in June 1972 have now agreed to end their disputes. At least the Syarifuddin Harahap group, the Mahdi Tjokroaminoto group and the M.A. Gani group have so agreed, but the H.M.Ch. Ibrahim group remains recalcitrant. Syarifuddin Harahap says that he has twice contacted the Ibrahim group, but without success. Ibrahim claims to be the legitimate leader of SI, and prior to this congress he wrote to the minister of home affairs and several of the high institutions of the state to say that the congress scheduled by Harsono Tjokroaminoto was illegal. Ibrahim had been elected general chairman of the SI executive committee and Bustaman the chairman of the legislative board at the Majalaya congress, but a year ago

they were ousted in a coup by the T.M. Gobel group on the charge that they opposed the merger with the PPP [United Development Party]. Leadership shifted to Gobel and M.A. Gani, but then there were a series of coups with one set of executives deposing another. Also, the influence of the organization has waned. The Indonesian Islamic Union Party (PSII), as the SI was formerly called, received 20 seats in Parliament in the 1971 general election. In the next election, following the merger with the PPP, the number declined to 14, and in the 1982 election it declined again to 12.

Syarifuddin Harahap feels that "Ibrahim is already outside the SI system and the government too" because of his unyielding opposition to the merger and also because he apparently was involved in signing the "Petition of the 50." Suryo Ahmad Modjo, a young SI leader, says that "this is why he was not invited to this congress."

Apparently the peace (truce) reached by the groups in the SI is convincing to many observers. For example, Vice President Umar Wirahadikusumah feels that the elders and leaders of the SI "will succeed in settling these internal disputes without leaving any scars."

The vice president also noted that the elders had played a dominant role in bringing about the recent congress. The process began in the middle of last January when 32 SI elders conferred for 2 days at the SI office on Jalan Taman Matraman in Jakarta. Harsono attended this meeting, as did K.H. Udung Abdurrahman, a prominent SI ulama from Majalaya. Harsono was given a mandate to hold the congress as a result of this conference.

The ulamas continued to play a role in the sessions of the congress, as is demonstrated by the fact that seven of the elected organizers were more than 70 years of age. They included Mrs Arudji Kartawinata, the widow of the SI leader of the 1950s, Arudji Kartawinata.

At the SI congress, as at the NU congress in Situbondo, all sides accepted the decisions agreed on in the conference of elders. Earlier Syarifuddin Harahap had said, "Since this is the desire of the ulamas and the Muslim community, then I will comply." Syarifuddin received no more than a seat as a member of the legislative board, but perhaps the reunification of the SI is more important to him than other considerations since he will regain the base he had lost. Harsono Tjokroaminoto stated that Syarifuddin would not sit on the executive committee "because he already has a top position in the PPP." So it seems clear that the SI was readying Syarifuddin for the PPP.

M.A. Gani, who will apparently occupy the important position of deputy general chairman, and H. Johan Burhanuddin, the secretary general, do not fit in with J. Naro in the PPP. Perhaps they will be able to vote with more unity in the PPP.

One of the resolutions adopted by the SI congress recognizes the Pancasila as the foundation of the SI. Another resolution upgrades the SI advisory council from a department under the executive committee to an institution at the same organizational level as the executive committee and legislative board. So it can be said that the SI advisory council and the NU advisory council, which is chaired by Kiai As'ad, occupy similar positions. The members of the SI advisory council are SI elders and the council is chaired by K.H. Udung Abdurrahman. According to Mahdi Tjokroaminoto, a member of the SI legislative board, the advisory council was upgraded "to confirm that these SI ulamas are our guides."

The SI and NU do not have the same relationship with the PPP. Following the Situbondo congress at the end of last year the NU announced that it had no ties with any political group, including the PPP. However, the NU does permit its members to independently choose one of the three political groups to support. The SI, in accordance with the provisions of the law on mass organizations, has automatically become a mass organization and has no ties with political groups. But according to Harsono Tjokroaminoto the SI will choose a political party to support before the next general election. "We will choose the one whose program suits the SI," he said.

But for now priority is being given to studying the divisions that occurred during the coups so that a general amnesty can be issued and the persons involved can be rehabilitated. "The first thing we will do is lead the people in these groups back to their home," Harsono said.

5458

CSO: 4213/304

INDONESIA

NU HAS NO AMBITIONS FOR POSITION

Jakarta PELITA in Indonesian 3 Jan 85 pp 1, 6

[Text] H. Abdurahman Wahid said that after he was chosen as Chairman of the PBNU [Executive Council of the Moslem Scholars Party], many leaders of Islamic mass organizations such as the Muslim College Students Association, Muhammadiyah and others, met with him. They were pleased with the return of the Muslim Scholars Party [NU] to the 1926 Khittah and conveyed hopes that NU in the future will grow stronger and more flexible in facing every problem. Most importantly, all their ideas or thoughts I have already recorded in my notebook, which I will study as quickly as possible.

Responding to Golkar's "welcome" to the NU membership, H. Abdurahman Wahid stated that there are already many NU members in the Golkar coalition. This also includes those government employees within KOPRI [expansion unknown]. It is hoped in the future they will have a role in determining direction. In addition to that the return of NU to the 1926 Khittah at the least will make them relieved because they no longer will be regarded suspiciously as in the past.

In connection with that, HM Hasjim Latief BA, the PBNU Vice Chairman who is also the East Java PW NU Chairman, added that what is hoped by Golkar is not that NU members in large numbers register as Golkar members. But the purpose is so that in future elections they will vote for Golkar.

Only Participation

H. Abdurahman Wahid, who made this public to PELITA in Surabaya, continues to say that NU was not organized to constitute a nation. So that it does not have ambitions for position or elevating seats. NU only participates in the development of society so that faith is strong, berakhlak [expansion unknown] and with high discipline. If society was like this certainly development would have many more successes than failures.

The PBNU chairman, who is called Cak Dur by the people of East Java, stated firmly that the return to the 1926 Khittah is an "adjustment" of behavior for actions with immediate connection to religion, such as da'wah, education, mabarrot, mu'amallah, ubudiyah [expansion unknown] and so on. Other actions outside of this are used to support and fulfill requirements of religious struggle. This is what needs to be understood.

"Thus now if you talk of NU don't continue to make connections with political problems, so that those difficulties do not become more complicated. This includes the problem of relations of NU within the PPP which is currently referred to by political vagrants as if there were still ties, because NU was one element which signed the declaration forming that party in 1973. The term 'ties' in relation to the return of NU to the 1926 Khittah has to be given the meaning of 'participation'," stated H. Abdurahman Wahid additionally.

According to H. Abdurahman Wahid the return of NU to the 1926 Khittah is also said to be old-fashioned or not modern. If NU is old-fashioned it would not have members who are doctors, members of Parliament or government employees. NU wants to embellish itself and not retreat.

"Embellish itself" in order to turn out cadres, increasingly sweeten connections with Muslim clergy in the capacity of the generation of founders to the generation of followers, increase the role of clergy within the NU leadership along with arranging the administrative organization. In that way there will no longer be those who take steps, have attitudes or make decisions one by one. But all will be done in a collective or united manner, said the PBNU chairman in continuation.

Concerning the meaning of "modern," Abdurahman Wahid stated that modern as mentioned above is not in the same category as movie theaters. But to be aware of abilities and later to be able to raise abilities in the framework of fulfilling abilities which continually develop.

12836

CSO: 4213/139

INDONESIA

WHEREABOUTS OF FORMER PKI PRISONERS IN ACEH UNKNOWN

Jakarta PELITA in Indonesian 24 Aug 85 p 1

[Article: "Questions Raised About 1,908 Former G.30.S/PKI Prisoners in Aceh; No One Knows Where They Have Gone; Indonesians Quickly Forget, Become Indifferent"]

[Text] Jakarta (PELITA)--The whereabouts of 1,908 former G.30.S/PKI [30 September 1965 abortive coup/Indonesian Communist Party] prisoners and convicted criminals in the special region of Aceh is not known. Questions are being raised as to where they have gone.

Muji Budiman, member of Parliament's Commission II, who disclosed this to PELITA yesterday, added that the number of former prisoners obtained from 31 March 1984 data recorded that they numbered 6,242 of whom 2 were in Group A, 46 in Group B, and 6,194 were in the Group C or obligated to report category.

According to data for 31 March 1985, 4,334 prisoners were recorded, consisting of 2 in Group A, 32 in Group B, and the remaining 4,300 persons were included in Group C/obligated to report.

A difference of 1,908 persons was found between these two sets of data, consisting of 14 in Group B and 1,894 in Group C/obligated to report. "The authorities do not know the addresses of these individuals or where they went," Muji Budiman said after paying a working visit to the special region of Aceh during Parliament's last recess.

According to the member of Parliament representing the FPP [Central Pancasila Front], the trail of the former prisoners was lost because of a lack of attention on the part of those responsible to the communist danger.

These officials felt that with the ban on teaching Marxism and Leninism in Indonesia, communism no longer was a dangerous threat. In addition, funds and other facilities for keeping records on former PKI prisoners were very limited.

Record Keeping as of 31 March 85

He said as of 31 March 1985 records were being kept in accordance with the issuance of Home Affairs Minister's Instruction No 32 of 1981 and the Home Affairs Minister's Technical Guide No 930.351/4211 concerning the implementation of indoctrination and supervision of former G.30.S/PKI prisoners.

An Indoctrination and Supervision Implementation Coordinating Team [BINWAS] was formed in the special region of Aceh for former PKI prisoners, based on the decision of the Governor/ Level I KDH [chief of the forest region] of Aceh No 351.05/261/1984, dated 13 June 1984. The team was formed in fiscal 1985.

This team, among other things, was tasked with ensuring that the implementation of indoctrination and supervision of these former prisoners runs smoothly. In addition it also is to formulate policy and joint activity programs to be carried out for handling various problems. The members of the BINWAS consist of elements of the Office of the Public Prosecutor, POLDA [regional police], PEMDA [regional government] and LAKSUSDA [regional special executive's office].

6804

CSO: 4213/332

INDONESIA

EAST JAVA UNITED DEVELOPMENT PARTY CONFERENCE

Jakarta MERDEKA in Indonesian 4 Jan 85 pp 1, 12

[Text] With or without the agreement of the United Development Party's Central Executive Council, the East Java regional PPP [United Development Party] conference will be held as scheduled, which according to plans, is to begin this coming March reported a MERDEKA journalist.

This decision was made public last week by Sulaiman Bijahimo, secretary of the East Java regional DPD [regional executive committee] PPP conference committee which was formed based on the DPW [regional executive council] PPP decision of 25 September 1984.

The problem of holding the conference appeared with the DPP [plenary party council] PPP letter 30.30 of 3 November 1984 which stated disapproval and requested that the police not give permission for either the regional or branch East Java PPP conferences.

During an opportunity, the East Java DPW PPP coordinator, Hasjim Latif stated to this newspaper that, during the conference, he is going to retire because he now is one of the Muslim Scholar Party PB organizers.

For the time being, Sulaiman Fadli, who is known as secretary of the "rival" East Java DPW PPP under the leadership of Hisbulla Huda, said that Hasjim Latif along with the committee which he formed do not have the right to hold the conference because they do not hold the Decision Letter of 1973.

Sulaiman Bijahimo said to MERDEKA the committee formed by the DPW PPP on 25 September with Imron Hamzah as Chairman, himself as secretary and Sjumli Sadli as treasurer are the persons who hold the 1973 SK.

"There is no reason for the DPP [central executive council] to make difficulties with the validity of this committee" he said.

"Furthermore the SK has been mentioned for decades. Many holders of the SK are now dead. Why is it always tampered with?" he added.

Because of it the DPP letter of 3 November is judged as not valid.

According to Sulaiman Bijahimo, actually 10 days after the PPP Congress in Jakarta last August, all branches of the East Java PPP were ready to hold conferences, both for the regional and branch level.

Properly, such a conference is obligated to support the DPP and not to obstruct it.

INDONESIA

EAST JAVA HMI ACCEPTS PANCASILA AS SOLE PRINCIPLE

Jakarta SINAR HARAPAN in Indonesian 19 Mar 85 p 1

[Text] Major General Sularso, commander of the 8th Military Area Command/Brawijaya in East Java, speaking in his capacity as Area Special Executive and head of the Area Command for the Restoration of Security and Public Order, stressed that he had never coerced mass organizations to acknowledge Pancasila as their sole principle.

This was stated on Monday (18 Mar) morning when he received 12 of the 13 East Java KAHMI (Alumni Corps of the Islamic Student Association HMI) exponents who signed a statement on the KAHMI declaration of 16 February in Jakarta accepting Pancasila as its sole principle.

The 12 persons are Drs A. Malik Fajak MSc, Ir Syah Muhammad, Drs H.A. Fatah Ibrahim, Drs H. Muchlis Sarjono, Drs Sanawiah Faisal, M. Zaitan SH, M. Amin Zein SH, Dr Fasih, Drs M. Mackruf Muchtar, Dr Kaib Saleh, Dr Amrin Syam, Dr Sam Suharto A. Hadin Mintarum. Not present was Drs Syamsul.

Major General Sularso also stated that he had received a similar statement from the executive committee of the East Java HMI headed by Drs Affandi Paraminta through his letter dated 28 February.

"If now I receive the officers of KAHMI first and not those of HMI who had sent the letter much earlier, it is because the university students did not have time yet," said the Military Commander. However, he promised to receive the HMI officers soon.

Major General Sularso praised the attitude of the East Java HMI executive officers for having the courage to spearhead the acceptance of Pancasila as sole principle ahead of its central executive committee.

According to the Commander, if there are still those who disagree with Pancasila, "do not blame us, as in the end, they will be left behind by the dynamic force of development."

12933
CSO: 4213/202

INDONESIA

GOVERNOR OF EAST TIMOR INTERVIEWED

Jakarta KOMPAS in Indonesian 20 Mar 85 pp 1, 12

[Article: "If Open to all, Residents of East Timor will not have Opportunities"]

The difficulty to enter East Timor Province is not caused by security problems but more by the need to protect the local residents until their educational level is comparable to that of the residents from other provinces.

In an interview with Kompas at the office of the Representative of East Timor in Jakarta last week, the Governor of East Timor, Ir (Engineer) Mario Viegas Carrascalao, stated that the present security situation of his district may be considered to be stable.

"If this province is open to residents from other provinces then the people of East Timor will not have the opportunity to get a job because of their low educational level as a result of the colonial role which lasted for almost 450 years. Based on the present requirements, the most they could achieve is to become assistants," said the governor.

In the meanwhile, according to the governor, requirements have been relaxed for the local residents to be appointed as government employees; besides adjusting the ranks of the former colonial officials to the present system. The government is also paying pensions to those who have retired from their jobs.

A portion of the local youths that has been appointed as government employees has also been given the opportunity to expand their knowledge in the administrative field. They have been sent to other provinces for various courses and training.

Ir Carrascalao also said that almost all of the subdistrict heads in the province have only SD (Elementary School) education and the most, SMP (Junior High School). Because of this, he sent 50 of them for pre-APDN Public Administration Academy training in Malang (East Java). Presently, there are 10 East Timor youths that have completed the APDN training and some of them are furthering their studies at the Institute of Public Administration (IPP) in Jakarta. "I believe, if given the chance, they too could have similar achievements as their colleagues from the other provinces," said the governor.

Also, at present there are about 1,000 government employees who are illiterate. They have been appointed as government employees because of their services to the nation. "What can we do? The young ones can be sent to school. But those who are old can only wait for their retirement," he added.

Low Standards

A problem faced by this young province is the shortage of teachers and nurses. Up till now, the province is still short of about 1,000 SD (elementary school) teachers. But, according to the governor, the problem can be solved in one to two years time with local personnel. SPG (Teachers Training School) Dili presently is enrolling not less than 1,000 students. In order to encourage studying, the government provides scholarships. "In 1984, the total scholarship given was about Rp 500 million. Now it has increased to Rp 600 million," explained Carrascalao.

To overcome the shortage of SMP (Junior High School) teachers, excellent SD teachers were upgraded to teach in SMP. The shortage of SMA (Senior High School) teachers up till now has not been solved. "The standard of education is very low as a result of the teacher shortage, but we are continuing our efforts to overcome this problem," said Carrascalao.

The shortage of nurses is presently overcome by training our nurses locally at the nursing school in Dili. But the number is felt insufficient because more Public Health Centers and auxiliary Public Health Centers have been founded. In fact, according to the governor there are more doctors than nurses. The shortage of nurses will still go on. Even in the year 2000, they will still not be enough," added the governor.

Not Because of Funds

Because of war, East Timor presently has about 20,000 orphans, about 11,000 neglected children and about 8,000 handicapped children. According to the governor, there are a number of orphanages homes and homes for neglected and handicapped children but there is no one to manage them. "The problem is not funds. We have the funds. But who is going to manage them?", said the governor.

Another problem confronting East Timor presently is the health problem. To date, malaria is still the number one killer. Apart from this, TB, various skin diseases and yaws still prevail. Most of these diseases occurred because of malnutrition of the residents, lack of sanitary facilities and lack of knowledge on sanitation.

Not an Obstacle

"The problem of security is no longer an obstacle to development. People outside East Timor are talking about war more than we are. We never felt that there is a war going on there. To hear about war once a month is already too much. Frankly, I feel safer in Dili than in Jakarta," said the governor.

But he did not deny there remain some bands of peace disturbers in the mountains who often came down to the village in the evening to look for food. When they meet with the troops in charge of the village security, clashes may occur.

In the daytime, according to the governor, such a situation does not exist. "My wife often walks for hours to reach a remote village. But it is peaceful there. Nothing happens," said Ir Carrascalao.

Quick Return

To prevent logistic supplies from reaching their relatives that lived in the mountains, the government took steps by evacuating the residents, particularly those living around the Viqueque and the Ainaro Regencies to Pulan Kambing. According to the governor, they originally numbered 4,200 people, and mixed with 5,000 local people.

According to Ir Carrascalao, the temporary evacuation is also intended to prevent the spread of intrigues and slanders by those who are after the residents' land and other personal interests. "They usually give incorrect information about the residents, with certain objectives in mind," he said.

The policy was also based on the difficult position of the residents. They would be killed by the band of peace disturbers if they refused to give in to their demands. If they cooperated with the peace disturbers, they would be persecuted. With this in mind, they were temporarily evacuated.

As the security situation improves, there is a possibility that the evacuees will be returned to their original villages. This had started since 1982. The recent remaining figure is 1,200 people and in the near future according to the governor, about 300 more people will be sent home until the figure remains 900 people. These people originally came from Viqueque Regency where till now the security situation has not returned to normal.

"It is hoped that in a few months they would be able to leave Pulau Kambing. There are some who do not wish to return to their original village. Some requested transfers while others want to stay because of established businesses. No later than the end of this year, this island will be empty of refugees," added the governor. This island, according to the governor, constitutes a potential fishing area.

With regards to the transmigrants from Bali island, the governor confirmed that there were 50 families from Bali in Maliana Regency. They are brought in as model farmers and this year there will be about 750 families more from Bali and East Java.

According to the governor, they occupied the southern region which is fertile and peaceful with adequate facilities. "I believe the farmers who have transmigrated to that area will prosper in a short time," said Ir Carrascalao.

INDONESIA

ENVIRONMENTAL PROTECTION IN BIG DAM CONSTRUCTION URGED

Jakarta KOMPAS in Indonesian 21 Aug 85 p 17

[Article: "Environment Unprotected in Construction of Big Dams in Indonesia"]

[Text] Solo, KOMPAS--When big dams are constructed in Indonesia, little thought generally is given to the dam's effect on the environment. As a result, we are startled when it becomes apparent that the environment around the dam is being destroyed and the life of the dam, built at great expense, is threatened.

This was disclosed by Eng Wartono Kadri, director general of land rehabilitation and reforestation (RL) for the Department of Forestry, on Tuesday (20 August) when he gave a briefing during the National Agricultural Region Development and Construction Seminar being held in Wonogiri. The 2-day seminar being held at the 11 March University (UNS) campus in Solo was opened by Forestry Minister Soedjarwo and will be extended by a field trip to the Wonogiri Dam.

The RL director general used the Wonogiri Dam in Central Java as an example. Built at a cost of 100 billion rupiahs, it is now heavily silted. It is estimated that its life has been reduced to 27 years from the 100 years originally estimated. This happened because no environmental study was made of the surrounding area prior to the dam's construction.

Even more tragic, Wartono Kadri said, is that dams constructed after the Wonogiri Dam are also experiencing the same problem. This is true for the Saguling Dam in West Java, which was inaugurated not long ago, and the Kedung Ombo Dam in Central Java now being activated. No studies were made of what could be done to protect the environment around either of these dams.

Operating on Their Own

If the construction of the Wonogiri Dam had been coordinated with an environmental study and efforts to protect the surrounding environment, according to the RL director general, this would not have happened. At that time, each agency involved merely wanted to carry out its own program in its own way without coordinating it with those of other agencies. "Strangely enough, this is still happening because each agency merely works on its own program. Later, when problems arise, the agencies blame each other," he said.

Meanwhile, Dr G. Boedihardjo, chairman of the Management Committee, added, "As yet there has been no agreement on how the land is to be managed. Such an agreement could serve as a working guide for everyone."

Unbalanced Land Use

In his welcoming address, Forestry Minister Soedjarwo said the destruction of the environment that occurred in the upper reaches of the river (DAS), in particular, was caused by overuse of the land. Another cause was the employment of an agricultural pattern that paid little regard for conservation.

He explained that land use in the Wonogiri area was greatly unbalanced. Only 7.9 percent of the 135,000-hectare catchment area of the upper reaches of the Solo River was composed of scattered forested areas. More than 13 percent consisted of paddy fields, 39.8 percent consisted of dry fields, 23.8 percent of housing areas, and 14.4 percent of miscellaneous areas.

On the other hand, the minister said, population density is 705 persons per sq km. This exceeds the average population density of Java of 600 persons per sq km. "The unbalanced land use for which land conservation work, among other things, is now being undertaken to protect the Wonogiri Dam, has destroyed the environment around the dam," the minister said.

Director General Wartono Kadri raised the possibility of offering subsidies to farmers in the upper reaches of the river like those offered by the BIMAS [Mass Guidance] program. Dr Boedihardjo submitted the idea of food subsidies to be offered to farmers in the upper reaches of the river. This proposal derived from another recommendation that the pattern of agriculture in that area be changed to cattle raising. "Providing subsidies would only be a short-term solution," he said.

6804

CSO: 4213/332

INDONESIA

HMI SUPPORTS IMPLEMENTATION OF SK ON ELEMENTARY EDUCATION

Jakarta PELITA in Indonesian 10 Apr 85 pp 1, 10

[Text] The Executive Committee of the Association of Islamic Students [PB-HMI] said it felt thankful to the government for the consequences it predicts for the implementation of the Director General's SK No 001/C/Kep/1985.

In addition to that it fully supports implementation of the above mentioned SK in that it is seen as a natural matter manifestation from the GBHN.

The above view was presented by the Chairman of the BPU PB-HMI, Mohammad Yamin Tawari, before he departed for Yogyakarta Tuesday morning.

In response to PELITA's questions, Yamin said the Director General's SK was a good clarification of government policy concerning religious freedom and advancement of religious life and belief in God the Almighty.

According to him, it would be a mistake if anyone interprets the above policy as an effort to curtail or reduce religious freedom.

"It is just the opposite, through the above SK Ditjen Dikdasmen, the freedom to choose religion will be instilled from now on. With the implementation of the above SK, the government demonstrates its seriousness with efforts to build a society which respects everyone's individual beliefs in the future," he said.

If children from now on have been instilled with the mentality of freedom to choose beliefs, in the future that would bring about a very good situation for our society, especially in the tolerance between religious communities," he said.

Good Opportunity

The above situation, as Mohammad Yamin continued, creates a good opportunity for school children to advance themselves to become a sound society such as that which is intended by our national development goals.

He also conveyed an appeal to the government that in the future, implementation of the SK be intended not only for public schools but also would be very good

if applied in private schools. According to him, the problem of obligation of choosing religious education is not only for those who by chance are in schools owned by the government, but forms an obligation for all Indonesian school children.

Accordingly, a compulsory choice of religious education in school is a consequence which is natural, because we are already agreed in wishing to maintain Pancasila as the sole foundation.

"It would be a mistake if in the meantime there are persons who interpret the obligation to chose religious education in school as a matter which conflicts with GBHN, the 1945 Constitution and Pancasila," he said.

12836

CSO: 4213/215

INDONESIA

DECISION ON ELEMENTARY EDUCATION TO BE IMPLEMENTED

Jakarta HARIAN UMUM AB in Indonesian 8 Apr 85 pp 1, 2

[Text] Decision Letter (SK) No 001/Kep/1/85 of the Director General for Elementary and Intermediate Education concerning the obligation of public school candidates to choose the religious education in which they believe will be implemented, so explained the Minister for Education and Culture, Prof. Nugroho Notosusanto on Saturday.

Responding to reporters questions at the residence of President Soeharto at Cendana Street, Jakarta, the Minister explained that the decision of the Director General was consistent with the Perspectives of the Course of the Nation [GBHN] which among others established that religious education was included in the school curriculum.

"We do not wish to force someone to study the religion of someone else. Certainly it is natural for that person to study and deepen the religion which he embraces," said the Minister.

He said he could not understand if there were a social class which had objections to the decision of the Director General. "People who question this perhaps do not faithfully remember the GBHN? Perhaps there is something hidden, but I do not know. I am surprised and did not suppose there would be those questioning the decision," he said.

The Minister repeated that the government does not wish to mix with or influence religious beliefs of anyone. "It depends on each person to choose their religion. However there is not the freedom to be without a religion," he said.

The Director General's SK among others established the obligation to chose religious education in public schools for new student candidates. For SMTP and SMTA levels, new student candidates who are accepted are obligated to sign a prepared statement that they will follow religious education in which they believe with the knowledge of their parents or guardian.

Last week the Indonesian Council of Church Heads [MAWI] and the Federation of Churches, decision of the Director General is contrary to the principle of religious freedom.

However the Indonesian Muslim Scholars [MUI] through its secretary H. S. Prodjokusumo on Saturday in a newspaper in the capital gave its opinion that the policy of the Depdikbud did not conflict with and did not limit freedom of religion for school candidates.

"MUI can accept the intention of the Director General's SK because it views the matter as a technical arrangement to build a society which is pious towards God the Almighty as is established within the GBHN," according to Prodjokusumo.

He is of the opinion that the obligation to fill out forms obligating the choice of religious education will remove obstacles to efforts advancing religious education of students, for example the attitude eroding religious lessons.

12836

CSO: 4213/215

INDONESIA

GOVERNMENT ABOLISHES IWPL FOR FOREIGN WORKERS

Jakarta HARIAN UMUM AB in Indonesian 9 Apr 85 pp 1, 3

[Text] This month the government abolished the IWPL [Compulsory Contribution for Education and Training] for foreign workers [TKA] subject to a "fine" to work in Indonesia. The decision to abolish the IWPL is an effort to develop a better climate for the investing of foreign capital in Indonesia so said Minister of Labor Sudomo on Monday.

In response to press questions in Jakarta, the Minister said the immediate abolishment is to stimulate industries which use TKA so they will have definite plans for how long they use foreign workers. Within that time the involved industries have to prepare replacement workers from Indonesia so that when the time is up they will already have substituted Indonesian workers.

"In principle there is no longer an extension of permission to work for foreigners," said Sudomo. Exceptions may be given if the involved industries succeed in convincing the government that the TKA cannot yet be changed because Indonesian workers are not yet ready to replace them.

In addition to that the government still gives the opportunity to TKA acting as "supervisors." Supervisors who maintain production quality do not need to be replaced by Indonesians.

Since 1974

The IWPL fund was brought about by Presidential Directive 23/1974. Funds are paid by industries for each TKA who receives permission to work for a "specified time," but later if the company is not able to change so that the specified time limit expires or has an extension for permission to work. This extension is subject to a "fine" of \$400.000 each month for each TKA, except for the Oil and Natural Gas sector which is fixed at \$100.00 per month per person.

Initially the size of the IWPL contribution was \$100.00 per month per person in all sectors employing TKA. But beginning in 1983 the IWPL was raised to \$400.00 while the special Migas sector was fixed at \$100.00.

This fund was collected by each sector, for example, Migas, forestry, business, estates and others. Whereas the use of it has to have permission

of the Minister of Labor. The contributions are used for education and training of Indonesian workers who are being prepared to replace foreign workers.

According to the Head of the Subdirector for Placement of Foreign Workers, Bina Penta Directorate General, Department of Manpower, Sunarya S. H. who was contacted by reporters yesterday, up to now more than 3,500 persons have been trained to replace TKA using IWPL funds. It was mentioned that the Migas subsector has trained 1,700 persons, commerce 460, forestry 1,300, general mining 70 and estates 35 persons. Employees were trained as technicians, experts and even for the management level.

There has not yet been full information on how much IWPL funds have been accumulated up to now. Sunarya has only said that the Migas sector has already collected around 11 billion Rupiah; to date there remains around 7 to 8 billion Rupiah, while for the forestry sector there remains approximately 1 billion Rupiah. General mining collected funds of 300 million Rupiah which was used for training those 70 persons. Estates collected IWPL funds of 45 million Rupiah which was used for training 35 persons.

Since 1984 the government has established a policy for the use of TKA. That is, positions which are already closed for TKA, positions which are only for a specified time, and other positions which are still open for the time being. TKA subject to the IWPL are those which receive permission to work in positions open for a specified time. Whereas positions open for the time being are given at the management level because of concern with investment of capital. As long as capital does not achieve fifty-one parts for Indonesia and forty-nine parts foreign, the management level may still be held by foreigners, except for personnel managers. Permission to work for a specified time will be given for a minimum of 1 year and a maximum of 5.

Educational Training Budget

In response to other questions Minister Sudomo said existing IWPL will be used to the greatest extent possible for educational training for the efforts to replace TKA. In the future educational training in connection with the process of Indonesianization must consistently be done. Both through state and private training offices.

In this connection private industry, especially those using TKA, will be urged to have plans for employees which include education and training for technical expertise. Because the process of Indonesianization and technical expertise must be through education and training.

Sudomo is also of the opinion that the government needs to increase the budget for education and training for all agencies which have educational institutions. So that the target to train one million additional workers each year will be achieved.

At the same time it is hoped that private agencies are able to train 1 million also. Each year the increase in the work force is estimated at 2 million persons who have to be trained before entering the work field.

18 October 1985

INDONESIA

GOVERNMENT CONTINUES TO PROTECT NATIONAL INDUSTRY

Jakarta KOMPAS in Indonesian 11 Apr 85 pp 1, 12

[Text] The government will continue to give protection to national industries. This protection will be given as appropriate considering the condition of the industry so that it can survive and expand.

The Minister of Industrial Affairs Ir. Hartarto explained this to reporters Wednesday at the Department of Industrial Affairs.

Deputy Minister for the Division to Increase Use of Domestic Products/Chairman of the Coordinating Body for Investment of Capital Ir. Drs. Ginandjar Kartasasmita, in a separate explanation to the press said, the excess protection which has been given to industries up to now is because of high economic costs in Indonesia.

"Because of this to reduce the protection, high economic costs outside of the business must be reduced. For example bureaucracy, infrastructure, bank interest and others," he said.

The explanations of the two ministers concerning the above mentioned problem of protecting industry forms a response to results of the plenary meeting of the Union of Indonesian Economists [ISEI] at the end of last March. ISEI said the protection given to the industrial sector up to now has been excessive so that it creates high economic costs.

Adjustment of Tariffs

Hartato said in continuation the development of national industry still needs to be given protections which is appropriate, especially when facing unfair competition from other countries. Protection is also given to industry in Japan and the United States.

To give appropriate protection in order for survival and expansion, since last March the government has taken steps to adjust the tariff structure.

Additionally, protection for industry has not yet guaranteed that the involved industry will develop. It depends on the management of the industry. The Department of Industrial Affairs must also continue to monitor with the above giving of protection.

Increase Efficiency

The Minister of Industrial Affairs continued to say, efforts to increase efficiency in the sector of industry receive full attention on a continuous basis from the government. The above efforts clearly and firmly reflect the shape of development for national industry. Both that aimed at industry now in existence and new industry.

Continuous steps which are taken optimize the use of installed national capacity so that the installed national capacity can be used to the greatest extent possible both for domestic markets and for exports.

With use to the greatest extent possible of capacity, lower cost of production can be achieved. Because of this the Department of Industrial Affairs every year since 1983 has published a book concerning developing the national capacity to increase efforts as mentioned above.

Management and development of industry is aimed at managing commodities on a national basis and completely tied together. Implementation is done through national studies, whereas industrial development is done by considering the techno-economy.

To do this, aspects of comparative economic profit, technology and economies of scale will be considered. With the above studies, a clear direction for building national industry can be found, including support for industries which are export-oriented.

Because of External Factors

Minister Ginandjat temporarily at BKPM [Capital Investment Coordinating Committee] made public that the giving of protection to national industries now is not for the reason of high economic costs in Indonesia. But just the opposite, it is high economic costs which are the reason national industry must be protected excessively.

"If protected only adequately it is not possible to compete with imported goods and also the international market, because external factors outside of industry are more dominant," he said.

External factors among others are infrastructure which is not sufficient, government bureaucracy, rates of bank interest and others. Because of this the first phase which will be done by the government is efforts to reduce the external factors, these factors which are said to be the reason for high economic costs.

"Because of this Presidential Instruction No 4 of 1985 forms an effort of the government to reduce high economic costs," he said. He added, by eliminating high economic costs, the conditions for national development will be at the same level as is developed countries. For the time when conditions are the same, fair protection will later be determined.

Fair protection will be given because industries involved are still new industries (infant industry argument). New industries do not have power to compete with imported goods or in the international market, because the economies of scale are still small, there is not yet any depreciation, technology is still expensive and others.

"Fair protection must have a time limit and while protection is given it must be managed so that at a future time after protection is eliminated, the above industry will be able to compete," he said.

He also said, the protection will not cause industry to develop and have the power to compete because it is not accompanied by management.

12836

CSO: 4213/226

INDONESIA

PROTECTIONISM FOR DOMESTIC INDUSTRIES DEBATED

Economist Argues Against Protectionism

Jakarta SUARA KARYA in Indonesian 23 Aug 85 pp 1, 11

[Text] Jakarta (SUARA KARYA)--We can easily prove that our domestic industries at present are being spoiled, Prof Soemitro Djojohadikusumo said yesterday in Jakarta.

He reminded his listeners that President Soeharto had repeatedly stressed that the government's policy of supporting and developing domestic industrial production was not any reason why we should spoil domestic industries. "However, that is exactly what is happening now," he said, when speaking at the graduation ceremony of the Indonesian Management Development Institute (IPMI).

Most of the damage done to domestic industries has been reinforced by the trade and tariff policies which were carried out in past years to promote domestic industry.

He explained that tariffs had been lowered a great deal for a number of products and thus the protection level was adjusted. However, Prof Soemitro said, this gives an unrealistic picture of the situation because it overlooks the difference between the nominal protection level and the effective protection level for each product or product category.

He was disappointed that the statements made by officials as well as businessmen and associations participating in KADIN [Indonesian Chamber of Commerce and Industry] gave little attention to the relevance of the effective protection level and its elements. "I hope this happened only because they do not yet consider it a measurement tool and not because they feel it is unimportant or purposely forget about it because it conflicts with certain interests," Soemitro said.

Distortion

The nominal protection level, Soemitro said, is the level of protection given to certain products against imported products while a combination of tariffs, subsidies, quantitative-administrative restrictions on production cycles frequently produce an effective protection level that differs from and is far higher than the nominal protection level.

Therefore, not only the impact of protection on the final product must be taken into consideration but also its impact on various resources such as manpower, locally-available basic materials, and capital equipment used in the production process. "Weaknesses in the tariff structure and discriminatory quantitative-administrative restrictions create distortion. As a result, in many case, the highest effective protection is provided to the least efficient industries," Prof Soemitro said.

If this situation is not corrected soon, inefficiency and costs will rise, which, of course, conflicts with the interests of a low-income society and hampers the development of a strong industrial base.

This protectionist model also hampers the creation of fields of employment. Much protection is offered to sectors that produce final consumer goods but very little is offered to sectors producing capital or semi-finished goods. Such a protectionist structure favors those who invest in sectors which have limited capability to create employment. This becomes even more serious if the upstream industries are in a position to set prices to the consumer. The growth of labor-intensive industries thereby is hampered.

Many Recommendations

Prof Soemitro also talked about the current manufacturing sector model. Most of these industries produce products with imported components. This model produces very low net foreign income while requirements for foreign exchange will continue to rise with the increase in population and development programs.

Prof Soemitro also observed that tariffs and trade and industrial licenses levied in the past conflicted with such government policies as deregulation and procedure simplification to reduce costs and stimulate economic activity in the private sector.

He reminded his listeners that in the 1970's quantitative restrictions were more the exception than the rule. However, since 1982 the practice of requiring trade and industrial licenses has increased. Various governmental departments and institutions, contending with the interests of the business world, pressured the Trade Department with all sorts of "recommendations." As a result, more than 1,000 types of products now are included in the import and licensing regulations.

A protectionist policy for new industries (infant industries), of course, is acceptable to enable these industries to learn how to develop. However, as Prof Soemitro said, what has happened now is that the highest effective protection level is enjoyed by the oldest and already well-established industrial sector.

Therefore, Prof Soemitro stressed that the most effective policy for the industrial and trade fields would be to emphasize uniformity rather than special consideration and offer moderate protection overall. "Case-by-case protection accompanied by quantitative controls creates uncertainty, administrative delay and provides opportunities for corruption," Prof Soemitro stated firmly.

Concerning the direction of our industrial development, whether it should be oriented toward exports or production for domestic consumption, he said we must allow our trade and industry to enter into the competitive arena, to compete with domestic as well as overseas forces. This would increase productivity, support efficiency, and also prevent strong vested interests from becoming too influential. "We are now at the crossroads. Nevertheless, we must also solve this dilemma in order to be able to achieve our dual goal of lowering the capital-to-output ratio and reduce unemployment," Prof Soemitro said in his speech entitled, "Added Value Productive Employment, Balance of Payments. A Reminder of the Ground Rules."

International Debt

In addition, Prof Soemitro stated the problem of international debt would emerge as a burning issue in international relations.

Debt crises which have strangled a number of borrower nations no longer can be viewed separately and as only involving these nations. In addition to being caused by faulty policies and management of their economies, the problems encountered by these nations result from the unexpected international situation, especially the lower growth of industrial nations, high interest rates, and the protective measures taken. Income from exports is totally expended to repay debts, money available for loans is in short supply as is credit assistance. Developing nations have been forced to reduce their imports to lower their deficit balances of payments. Nevertheless, these measures cannot be maintained for a long time because the production system will be affected and, therefore, the capability to export and produce import substitutes will be affected. "Pressures to institute measures for controlling a macro-economy and restricting imports to solve debt problems cannot be maintained. Economic stagnation, a great deal of unemployment and social unrest indicate that this is true," Soemitro said.

Rescheduling existing loans and seeking new loans, in his view, of course, must be attempted to prevent an economic crash. However, this merely plays for time. The answer to this problem is to make adjustments or changes which have a more or less permanent impact on the production structure. "In other words, to make structural changes, and structural changes take time because they involve the production process," he said.

Adjustment requires funds. Only half-way adjustment will be achieved without enough funds. This is inefficient and only results again in a vicious circle of low growth, lack of demand, protectionist tendencies, etc. Therefore, more long-term funding through normal IMF programs and funds which are more readily accessible than those from the usual World Bank projects is needed.

Prof Soemitro Djojohadikusumo presented his speech yesterday in the context of celebrating the graduation of the first 25 M.BA.'s from the IPMI. Also attending this graduation ceremony were Bustanil Arifin, S.H., president of the Indonesian Management Development Institute, Minister Prof Dr J.B. Sumarlin, Minister Radius Prawiro, Minister Achmad Tahir, Minister Dr Abdul Gafur, and some 200 invitees.

Investment Board Chief's Response

Jakarta MERDEKA in Indonesian 24 Aug 85 pp 1, 11

[Text] Jakarta, Friday [23 August], MERDEKA--Ginandjar Kartasasmita, UPDN [Domestic Production Affairs] vice minister and BKPM [Capital Investment Coordinating Board] chairman, said protection of domestic industries is not the same as spoiling them.

He noted this in response to a newsman's question about the disclosures made by Prof Dr Soemitro Djojohadikusumo at the graduation ceremony held by the Indonesian Management Development Institute on Thursday [22 August]. Among other things, he said, "We can easily prove that domestic industry is still being spoiled."

Ginandjar met with newsmen on Friday morning after receiving Sir Alan Trail, the mayor of London, along with a British investment mission, in the BPKM Building. "I have not yet read the news," he said, "but the statement implies that we have offered too much protection to industries and this has resulted in high economic costs. I feel that the high economic costs were caused by a number of factors that still need close study to determine whether in fact the costs resulted from protectionism or other factors."

Ginandjar added that domestic industry must still be protected, except that, of course, it need not be excessive and should not be maintained forever.

Korea and Japan also Offer Protection

According to the BKPM chairman, Korea and Japan, for instance, also provide very strong protection to their domestic industries and, moreover, totally ban imports of other countries' products. However, this is why these two countries have advanced rapidly.

This proves that Korea and Japan would not provide such protection if it resulted in high economic costs. However, why are Korea and Japan, who provide this protection, more effective, efficient, and are able to compete and, moreover, are capable of entering the international market, he asked.

Therefore, he said, the problem does not lie with protection but involves other aspects. In this connection, he cited the example of an antibiotic which is effective when taken by someone who is ill but is ineffective if it is taken all the time.

Therefore, Ginandjar said it would be best if an in-depth study were made before anyone said anything. Otherwise the public might gain the wrong impression that domestic industry is a high cost industry because of protectionism.

"Perhaps protectionism is one of the factors in this case but it is not the biggest factor. Perhaps the biggest factor is manpower productivity which is closely linked to poor nutrition, education, mental attitude, efficiency, and so on," he said.

18 October 1985

"So, what is your opinion of Prof Soemitro's view?" asked a newsman.

"I have not yet read his speech; you must ask him (Prof Soemitro Djojohadikusumo) for his advice and the way out of this problem," answered Ginandjar.

Drs H. Rainal Rais, an entrepreneur who operates in various industrial sectors, also rejected Prof Soemitro's view that protection of domestic industries could be categorized as "spoiling them."

Protection, he said, was needed to make a long-term and broad impact on industry. Other than developing domestic industries, it also opens up new fields of employment. Protection is provided at the request of the owners of industries and is consonant also with the desire of the government to make domestic production the master in its own country.

"These high ideals will not be achieved only with talk," the former HIPMI [Indonesian Young Businessmen's Association] secretary general said. "Therefore, the government makes it possible through various policies and by building up domestic industry."

Minister Says Protection Needed

Jakarta SINAR HARAPAN in Indonesian 24 Aug 85 pp 1, 12

[Text] Jakarta, 24 August--Eng Hartarto, minister of industry, admitted that providing domestic industry with protection spoiled it, but he explained that protecting domestic industry was normal not only for developing nations but also for advanced nations.

In a conversation with SINAR HARAPAN on Saturday morning [24 August] in his office, Eng Hartarto said protection in the form of 5 to 15 percent tariffs levied on imports was the normal way to protect national industries. "Such protection is provided so that national industries are able to compete," he said.

According to Hartarto, the industries which must be protected are the upstream and mid-stream industries. Protection is not needed as much by small industries because they have been able to compete.

By providing protection to upstream and mid-stream industries, Hartarto said, they are compensated for expenditures made to establish such industries. "However, excessive protection must not be provided," he said.

Hartarto, who on this occasion was accompanied by Echelon I officials of the Department of Industry, said the amount of protection must be controlled so that it does not create a high-cost economy or rather spoils these industries. Therefore, the Department of Industry's protectionist policy is not a static one but is dynamic, operating in the direction of increasing the efficiency of national industries," he said.

National Study

Eng Hartarto said protection is provided to national industries after making national-scale in-depth studies. In this regard, a study was made of whether

protection should be provided by levying a tariff on imported products similar to those produced domestically or by levying quotas on imported products. The protection considered most suitable for national industries was the tariff.

Protecting domestic industries received considerable attention from observers some time ago. Discussion of the matter was revived when Prof Dr Sumitro touched on it in a speech given in Jakarta recently. In his speech, Prof Sumitro, among other things, said that protection of national industries today, especially upstream industries that were capital intensive, was only spoiling those industries.

According to Hartarto, Indonesia has not yet carried out a "countervailing duty" policy toward imported products. However, he said, this is now being discussed between the Department of Industry and the Department of Trade.

The "countervailing duty" policy is one that is contained in the GATT (General Agreement on Tariffs and Trade). The U.S. government recently levied such duties on textile products imported from Indonesia.

Hartarto said "dumping" by other nations could be prevented with a "countervailing duty" policy, and the industries of a nation could be protected.

He said aside from tariffs levied in the past, the Indonesian government also decided to institute a non-tariff protectionist policy or quotas. The number of imported products on which such quotas have been levied is increasing because "development of our upstream and downstream industries increasingly is requiring more and more capital." Up to now, quotas have been levied on 45 to 50 kinds of imported products.

"Quotas, by nature, are a temporary measure. If the countervailing duty policy is adopted, the quotas will be lifted," the minister of industry said.

6804

CSO: 4213/332

INDONESIA

SUPERVISION OF TRADE WITH PRC

Jakarta HARIAN UMUM AB in Indonesian 11 Apr 85 pp 1, 8

[Text] A member of Commission VI of Parliament Drs. H.M. Yunus Umar appealed to entrepreneurs, particularly to members of the Indonesian Chamber of Commerce and Industry [Kadin] that they not merely look at profit if direct trade relations with the People's Republic of China are carried out.

Whatever motivations are brought by Indonesian entrepreneurs should in the future start from the national importance and avoid the danger of communism, he said to ANTARA in Jakarta on Wednesday.

Yunus Umar is of the opinion that it is natural if Indonesia wishes to open direct trade relations with the PRC, because the matter is in accordance with governmental policies in efforts to promote non-mineral and non-gas exports.

"But what is important, don't let us only think of pursuing profit merely in the short term, because in the long term we might experience a loss from the standpoint of politics and also civilization," he said.

Council members from the United Development Faction [FPP] appealed, if direct trade relations with the PRC are begun, the government must strictly supervise the types of PRC goods which enter Indonesia.

This strict supervision, according to Yunus, is needed so that no new problems will arise which become a bottleneck to efforts to increase use of domestic products which is urged by the government. Especially since relations between Indonesia and the PRC have experienced events which cannot be forgotten principally by members of the Old Order.

Strict supervision of PRC goods which enter Indonesia, according to Yunus are very much needed, because without direct trade relations up until now many PRC goods, from feather dusters to chainsaws have entered Indonesia.

If direct trade relations between the two nations are accomplished, hence Indonesia, according to Yunus, perhaps will be able to export forestry commodities mine products and fertilizer bearing in mind that the PRC is also an agricultural nation. Whereas Indonesia can perhaps accept products from the PRC which are needed.

When questioned on the need of Kadin to open a representational office in the PRC, Drs. Yunus Umar was of the opinion that within today's modern economic system, trade representatives in the physical sense in any certain nation are not really needed. Of course the services of another party can be used, and it is more efficient, he said.

12836

CSO: 4213/226

INDONESIA

REMAINDER OF PERTAMINA DEBT 150 BILLION RUPIAH

Jakarta KOMPAS in Indonesian 13 Apr 85 p 2

[Text] The old debt of Pertamina to the Bank of Indonesia today remains at 150 billion Rupiah. This sum has greatly decreased compared to 1975 when the government-owned company experienced financial difficulties resulting from connection with too high debts. Now there is an agreement by the Bank of Indonesia to relax Pertamina's installment payments for the remainder of the debt mentioned above.

This matter was discussed by the Financial Director of Pertamina Drs. F. Abda'oe during an explanation alongside Pertamina Director-in-Chief A. R. Ramly during a face to face meeting with leadership of mass media and editors in the capital Jakarta on Thursday.

It was said, after the government took charge of the Pertamina problem on 1 April 1981 the main debt of Pertamina was recorded at 1,155 trillion, besides interest of approximately 500 billion Rupiah. The interest has to be paid to the Bank of Indonesia.

But on 1 April 1985 the main debt had been completely settled, whereas interest on the debt was 150 billion Rupiah. This matter has created new confidence in the Bank of Indonesia so that it set the installment on the debt as it wished.

New Debt

Nevertheless, added Abda'oe, Pertamina does not yet know how much new interest there will be in connection with a number of new projects built by the government. Especially because the government established a depth equity ratio for oil refineries at 30:70, for methanol at 25:75 and for aromatics at 5:95. How much will be charged to Pertamina as debt must still wait for a further governmental decision. The sum will be paid by Pertamina to the Bank of Indonesia.

12836
CSO: 4213/226

INDONESIA

DIFFICULT TO MOVE NEW PRODUCTS INTO JAPANESE MARKETS

Jakarta HARIAN UMUM AB in Indonesian 13 Jul 85 p 9

[Text] Japan now constitutes the largest market for Indonesian goods, particularly as regards oil exports, nonoil mined commodities and traditional commodities, but it is also very difficult for Indonesia to move new commodities into Japanese markets, according to Sukamdani Sahid Gitosardjono.

Sukamdani, the general chairman of the Indonesian Chamber of Commerce, made this observation recently while addressing a seminar on the special characteristics of Japanese management. The seminar was sponsored by Pasundan University in Bandung. Sukamdani also noted that the Indonesian government is entering a difficult period.

Since international oil markets and prices are very weak, the government cannot expect revenues from the oil and natural gas sector to advance to a level that is adequate for financing industrialization and other forms of development at a high growth rate.

And since the public sector lacks the ability to maintain this high growth rate, the private sector is now being encouraged to take on a much larger role. The expansion of the role of the private sector means that the value of Indonesia's nonoil exports, placed at \$6 billion this year, must increase by 100 percent in 5 years.

But the fact remains that it is difficult to enter Japanese markets with new products, especially such manufactured goods as textiles, garments and plywood, and thereby increase exports.

Sukamdani, whose working paper was titled "Targets of and Obstacles to Co-operation Between Indonesian and Japanese Businessmen," said that a struggle was being carried out at both the government (diplomatic) level and private (Indonesian Chamber of Commerce) level to get Japan to gradually open its markets to these Indonesian manufactured goods. In carrying out this firm struggle we hope that Japan will eventually accommodate Indonesia's interests, he said.

"In Japan's eyes Indonesia is already the largest supplier of tropical hardwoods (plywood), but Indonesia wants to export even more," he said. The actions and desires of Indonesia conflict with the interests of the Japanese industries that are turning out the same product and this is why there are high import duties (more than 15 percent) on the Indonesian product. It also is quite difficult to enter Japanese markets with Indonesian textiles and garments because the average buyer wants goods that are of better quality, he added.

The private businessmen in Indonesia have great expectations about cooperation with Japan. Japanese trading houses already are marketing many products of Indonesian industry, especially in America and Europe, and we have great hopes that in the time to come these products also can be marketed in Japan, he said.

Indonesia is prepared to engage in more extensive cooperation with Japan in the areas of capitalization, new technology, product design improvement, marketing, etcetera in order to achieve this objective, and the Indonesian Chamber of Commerce is recommending that a joint study committee be set up to examine the practical possibilities of such cooperation and to find operational formats for carrying it out.

Sukamdani said that Indonesia does not hope that a flood of imports from its labor intensive industries will appear on Japanese markets in a short period of time. We do hope to receive opportunities and systematic help that will enable our new industries to improve the quality of their products and will allow the products of Indonesian industry to gradually find a place on Japanese markets, he said.

5458

CSO: 4213/304

INDONESIA

OFFSHORE WORKERS MUST NOT DISCUSS PROBLEMS WITH REPORTERS

Jakarta MERDEKA in Indonesian 13 Jul 85 pp 1, 12

[Text] Minister of Manpower Sudomo has stated that the prohibition against Indonesian offshore workers discussing their problems with reporters is not a token regulation or just words but a requirement that workers must observe if they want to work in foreign countries.

Sudomo made the statement in Kendari on Friday [12 July] in answer to a reporter's question about the reaction that has arisen to this decision.

The minister of manpower was in Kendari both as a member of the presidential entourage and to dedicate the job training center there.

He said that Indonesian offshore workers, females especially, disclose their problems because they have a grudge against their employers or feel that they can not adjust to their workplace and want to get out of their contracts.

"These disclosures are made by workers in Saudi Arabia for the most part," he said.

He added that the problems can be settled if they are brought to the attention of the Indonesian embassy and that there are already 600 cases in which this has been done.

The assignment of workers to foreign countries could be affected if these problems are discussed with reporters, he said.

The minister said that when problems arise, Indonesian offshore workers must first try to settle the problems with their employers. If this fails they can take the problems to their labor mission and lastly to the Indonesian embassy.

"The Department of Manpower does not intend to curtail the freedom of speech of Indonesian offshore workers. But just as persons who hold certain jobs are forbidden to marry, this prohibition is one of the requirements that must be observed if they want to work," he said.

"Persons who want to work as domestic servants in foreign countries are subject to certain risks, and if they do not to accept these risks they should not try to work abroad," he added.

The minister would like workers who go abroad to do a good job and accept the risks. Problems occur for the most part among female workers in Saudi Arabia. Other countries do not have these problems with workers.

Indonesian offshore workers in Saudi Arabia are given protection, but it is difficult to check on those who are employed in private homes.

"Parliament can go ahead and express its views regarding Indonesian offshore workers, but it should understand the problem. And in any case it should not hastily react before it knows the nature of the problems," he said.

The minister also denied that the Department of Manpower does not provide protection to Indonesian workers in foreign countries.

5458

CSO: 4213/304

INDONESIA

TAIWANESE OFFICIAL COMMENTS ON INDONESIAN-PRC TRADE

Jakarta TEMPO in Indonesian 13 Jul 85 p 15

[Text] Apparently the forthcoming opening of trade relations between the PRC and Indonesia is creating concern among Taiwanese, and they also are pessimistic about the future of this direct trade. "I think it will be very difficult for Indonesia to achieve a \$100 million volume of trade," said Ma Chyan-Yih, the commercial secretary of the Republic of China (Taiwan) Chamber of Commerce in Jakarta.

Ma points out that recently it has been difficult to market a number of Indonesian commodities. Indonesian rubber, for example, faces stiff competition from Singapore rubber (much of which comes from Indonesia) and Malaysian rubber. "The Republic of China imports rubber from Malaysia and Singapore. It is of good quality and it also is priced lower than Indonesian rubber. Plywood also is moving slowly on world markets," he said.

Ma believes that the prospects for trade between his country and Indonesia are very good. The main reason for his optimism is his government's plan to purchase LNG from Indonesia. "We are planning on 1.5 million tons of LNG a year with a value of \$300 million," he said. He also mentioned his government's plan to invest \$60 million in coal mining in Kalimantan.

Ma said that these plans will double the volume of trade between Indonesia and the Republic of China. The balance of trade between the two countries has steadily increased. According to the records of the Taiwan Ministry of Economic Affairs and Foreign Trade, in 1974 Taiwan's exports to Indonesia came to only \$127.5 million while imports were valued at \$181.7 million. By 1983 exports had jumped to \$429 million and imports to \$344.5 million. Last year (1984) imports rose to \$423 million but exports fell to \$346 million because Indonesia had abundant harvests and cut back its rice imports from Taiwan.

A large part of Taiwan's exports to Indonesia consist of machinery and electronic equipment, along with basic chemicals and tools. Oil and plywood make up 90 percent of its imports from Indonesia.

Ma feels that direct trade between Indonesia and the PRC will not result in increased competition between the products of his country and PRC products. "Our products are already competing with PRC products in Indonesian markets," he said. Ma takes pride in his country's products, feeling that they are of better quality and more sophisticated than PRC products.

Ma also said that the present balance of trade between Indonesia and the PRC is not as favorable as the balance of trade between Indonesia and the Republic of China. For example, most of Indonesia's exports to the PRC are consumer commodities, such as coffee, and these purchases can be cut off at any time. This is not the case with Taiwan for many of Indonesia's exports to there are vital raw materials, such as oil. "So even if we go bankrupt we will continue to buy oil because it is vital to us," he said.

Ma seemed to want to make the point that over the long term his country will be a more reliable trading partner than the PRC. "One hundred percent of our population is anticommunist and anti-mainland China. I think that these anti-communist sentiments are also held by the Indonesian government, so, if we are both anticommunist, why is the Indonesian government less than cordial toward us?" he asked.

By way of proof he pointed out that citizens of Taiwan have difficulty obtaining Indonesian visas, often having to wait for 2 months, but Indonesians who want to visit Taiwan can be issued a visa in 24 hours. With a bitter note in his voice he added, "This makes it difficult for our businessmen to visit Indonesia."

5458

CSO: 4213/304

INDONESIA

REGULATIONS ON CAPITAL INVESTMENT RELAXED

Jakarta KOMPAS in Indonesian 13 Jul 85 pp 1, 12

[Excerpts] The BKPM (Capital Investment Coordination Board) has relaxed the regulations on capital investment in Indonesia and established certain contingent conditions in order to promote an equitable distribution of business opportunities and business locations and encourage regional development.

Foreign investors are now being given the opportunity to invest in projects once reserved for domestic investors, and domestic investors may now invest in special no-facility projects. The opportunity is being provided on the condition that capital held by the weak economic group, in this case, cooperatives, also is invested. Cooperatives must hold a minimum of 20 percent of the stock. This action is being taken to promote an equitable distribution of business opportunities. The BKPM also is promoting an equitable distribution of business locations so as to encourage capital investment in the regions.

The changes in the regulations are described in the "Schedule of Priorities" for 1985. The schedule is issued by the BKPM as authorized by Presidential Directive No 55 of 1985, dated 9 July 1985.

The schedule notes that ordinarily foreign investors cannot invest in business sectors reserved for domestic capital investment, that domestic investors may invest in business sectors earmarked for foreign capital investment but not in sectors reserved for no-facility businesses (which were formerly known as BRO [Bedrijfs Reglementering Ordonnantie/Industry Regulation Ordinance] sectors), and that no-facility businesses can invest in sectors earmarked for foreign capital investment and domestic capital investment.

Engr Drs Ginanjar Kartasasmita, the junior minister for domestic product production and head of the BKPM told reporters that, "In order to provide greater opportunities for the investment of both foreign and domestic capital, the BKPM is now allowing foreign investors to invest in business sectors that were reserved for domestic capital investment, and domestic investors to invest in no-facility business sectors."

The relaxation of the regulations is not unconditional, and the conditions that have been set will make possible an equitable distribution of business opportunities. If foreign investors want to invest in a type of business reserved for domestic capital investment then businessmen from the weak economic group, in this case, from cooperatives, must participate in the investment and the cooperative must hold at least 20 percent of the stock. If domestic investors invest in a no-facility business sector then a cooperative must hold 20 percent of the stock in the venture. The same condition applies to foreign investors who want to expand their operations.

"Businessmen, and foreign investors in particular, often say that there are only a limited number of business sectors and that it is difficult to expand. It is hoped that this procedure will reduce these complaints," Ginanjar said.

Where will the cooperatives get the necessary capital? Ginanjar said that that would be up to them, but the cooperatives must hold 20 percent of the stock. It may be possible for a cooperative to buy stock on margin and then pay for it later from the profits of the company.

He said that the cooperatives he was referring to are recommended by the Department of Cooperatives. The BKPM simply notifies the department of the types of cooperatives that are needed.

He said that 10 years after the end of the first phase, that is, the 20 percent phase, the cooperative must control 51 percent of the stock. This may be difficult to accomplish, particularly if the stock is bought on margin, and it would be best to discuss this subject at a later date, he said. He noted that foreign investors can engage in joint ventures not only with cooperatives but also with Indonesian private businessmen. The private businessmen can take care of the task of increasing the amount of stock controlled, he said.

In order to protect the weak economic group and prevent competition, the new capital will not be invested in businesses that traditionally have been operated by members of this group. Some business sectors are reserved for businessmen in the weak economic group and cooperatives.

Business Locations

The BKPM also is arranging for the investment of capital in specific regions so as to promote an equitable distribution of business locations and the development of these regions. Site designations, land acquisition and the issuance of certificates of land rights, building permits and easements are handled by the regional offices of the BKPM.

Businesses may locate anywhere in Indonesia unless restrictions apply. Some types of businesses are restricted to specific locations for various reasons.

The designation of certain regions as priority locations for a given type of business means that it is more feasible for the business to operate in these regions but does not prevent it from being located elsewhere.

Some types of businesses in which foreign capital is invested are steered to to certain regions. If these regions are saturated or cannot accomodate new businesses, then the businesses may locate in any region that has not been closed. If an area of land is listed it means that the site is already prepared. For example, if "Aceh (11,000 ha)" is listed for cacao it means that a site of 11,000 hectares has been prepared in Aceh for cacao.

The investment of capital in some regions requires a security clearance from the Department of Defense and Security/Armed Forces Headquarters. This is handled by the BKPM. A security clearance is required when foreign capital is invested in Aceh, West Kalimantan, East Kalimantan, Moluccan waters, Irian Jaya or East Timor.

Foreign capital investments must total at least \$1 million (more than 1 billion rupiah). Exceptions may be made for certain types of businesses by the BKPM on the basis of specific policies, or by the government department concerned on the basis of the specialized nature of the business.

The field of trade remains closed to the investment of foreign capital. Foreign capital can be used to upgrade production technology for product diversification if licensed capacity is not exceeded and the sector has not been closed to this type of investment.

In order to promote exports, especially nonoil exports, consideration can be given to opening business sectors that are closed to the investment of foreign and domestic capital or are not listed in the "Schedule of Priorities on the condition that all (100 percent) of the products are exported.

5458

CSO: 4213/304

INDONESIA

PURCHASE OF USED FOREIGN SHIPS OPPOSED

Jakarta KOMPAS in Indonesian 2 Jan 85 p 2

[Text] The Indonesian Association of Shipping Industry Companies [Iperindo] does not agree in principle with the decision of the government which may free shipping companies to buy used foreign-made ships. Because this will clearly not help the domestic ship industry.

That among others was made public by the Secretary General of Iperindo, Wasono NA, during an opportunity to meet the press at an end of the year interview in Jakarta Monday morning.

He also did not agree with the opinion that domestic ships are far more expensive compared to foreign ships. All sides should know almost 70 percent of the components to build a ship still have to be imported. Secondly, it is irrelevant if comparisons of the price of foreign and domestic ships are only based on the ship's dead weight. Domestic-made ships of 3,000 dead-weight tons [DWT] are not necessarily more expensive compared to foreign ships of 3,000 DWT. Domestic luxury pleasure ships of 3,000 DWT clearly are going to be more expensive compared to foreign cargo ships. Everything has to be examined; the speed obtainable, the accessories and so on.

Wasono detailed the percentage of components which have to be imported and how much else locally made which can be used. From this data it is clearly seen that imported components are still very dominant. That is 56 percent in the form of engine price, steel plate and other equipment must still be imported, sixteen percent is made locally, wages are twenty percent, classification and launching fees 3 percent and risk 5 percent.

Scrapping

The Iperindo secretary general recalled that it is government policy that the construction of new ships must be done in domestic yards. And during the fourth 5-Year Development Plan [Pelita IV] only, the government has already decided to build an approximately 13,000 unit fishing fleet. From this Iperindo is optimistic domestic yard companies will increasingly flourish.

Concerning the government decision on scrapping any of the national fleet over the age of 25 years, Wasano does not agree if the basis is only to reduce

the overtonnage ships. Until now, overtonnage has already been considered by the government.

He denied the current opinion that policies of Iperindo and the government are the least bit in contradiction. On the one hand it is wished that ship building orders will be as many as possible, but on the other hand the government has already made known a scrapping decision which means the building of new ships will be limited, which means the "killing" of the domestic shipyard industry. "Shipyards in Indonesia do not build only cargo ships. But also barges, tankers, LSTs, patrol boats for the Customs Service, Air and Water Corps/Police, Army, Navy and so on," said Wasona NA.

12836

CSO: 4213/139

INDONESIA

MILITARY REGION COMMAND XII REORGANIZED

Jakarta HARIAN UMUM AB in Indonesian 4 Jan 85 p 8

[Text] Kodam XII/Tanjungpura has accomplished the liquidation of two Korem in West Kalimantan at the end of 1984, respectively for the east sector Korem 121/Alam Bhana Wannawai located at Sintang 395 kilometers from Pontianak, and Korem 122/Satya Negara located at Singkawang 145 kilometers from Pontianak.

The Military Region XII Commander, Cavalry Colonel Pardjoko officially liquidated the two Korem in two separate ceremonies. Commander Pardjoko signalled the liquidation by twice covering the Korem with a yellow silk cloth (symbol of greatness).

"In the name of the Indonesian Army leadership with this I state that Korem 122 Satya Negara is disbanded," thus spoke Commander Pardjoko S. when he liquidated the Singkawang Korem on the 31st of December, 1984.

The same ceremony and statement occurred two days previously at Korem 121/Alam Bhana Wannawai at Sintang. Since that time it has been stated that all Korem seal attributes in those two names are no longer valid.

The entire territory of West Kalimantan from now on will have just one Korem, in accordance with reorganization plans. The new Korem which will be formed will replace the position and function of Kodam XII/Tanjungpura.

According to plans, the liquidation of Kodam XII will occur in April of 1985.

In this way the organizational structure of the Indonesian Army in Kalimantan will be Kodam VI/Tanjungpura located in the city of Banjarmasin (South Kalimantan) and covering West, Central, South and East Kalimantan.

Who is to become the Commander of Kodam VI Tanjungpura at Banjarmasin is still being planned. Similarly, the name of and who will occupy the new West Kalimantan Korem is still unknown.

Major and Effective Abilities

The Commander of XII/Tanjungpura Pardjoko S., when liquidating Korem 122/SN at Singkawang, West Kalimantan sector, said that reorganization carried the

meaning of arrange and restructure Army positions into more precise coalitions. With the purpose that the organization will work more effectively and efficiently, along with having a more guaranteed ability for its tasks.

The Commander explained the Army reorganization does not mean a reduction of the organization and personnel. The reorganization is being done not because the organization until now has been in error or not precise. But this is for bringing into line aims of the current situation and the future situation.

He said efforts to create "a small effective unit" do not mean we will form a small Armed Forces. But the development of ABRI along relatively small lines compared to the large population, but possessing great effective abilities.

To quote the explanation of the Armed Forces Commander and the Army Chief of Staff, organizational structure starts from the viewpoint and conception of national defense as tied to conditions of the national territory which consists of numerous islands; therefore, the success of land defense forms a decisive factor.

Army leadership has already prepared various tentative appointments and preparations to be used for successful reorganization so that results for the organization will run smoothly.

12836

CSO: 4213/139

INDONESIA

NURTANIO CN-235 TO REPLACE F-27

Jakarta KOMPAS in Indonesian 3 Jan 85 p 2

[Text] CN-235 airplanes produced by Nurtanio, Ltd. of Bandung are expected to replace the F-27 made by Fokker, Holland which have ended their flying years.

This was made public by the Principal Assistant Director for Commerce of Nurtanio PT, Ir. S. Paramajudha on Wednesday afternoon.

It was made public that this was a decision of the government to, in so far as is possible, use domestically-made planes in replacing aging foreign planes in so far as that type of plane is already being produced in Indonesia.

Paramajudha is of the opinion that the advantage of using the CN-235 is that it can land at pioneer fields. This cannot be done by the F-27. Besides that, the CN-235 is also very appropriate for carrying cargo.

It was put forward that in general the F-27 plane is already old. If PT Nurtanio can, by 1987, produce the CN-260, Indonesia will no longer need to use the F-27.

The CN-235 can carry 35 passengers, whereas the CN-260 which is now being designed by Nurtanio will be able to carry 60 passengers.

According to Paramajudha, if PT Nurtanio in the 1990's can produce 100 passenger planes, it will not be necessary to still import the F-28.

No Problem

Paramajudha, who also holds the position of Director Pengkajian Industri Hankam dan Industri Strategis BPP Teknologi, said that in connection with an explanation of marketing, there is no problem for PT Nurtanio up to 1987.

Up to that year, PT Nurtanio will produce around 110 planes, principally the NC-212, to fulfill various orders for foreign and domestic companies.

Among those domestic companies buying planes from PT Nurtanio are Merpati Nusantara Airline and Buraq. Outside the country, Thailand has ordered

eight planes and Air Guam three. Air Guam itself has scheduled to order 21 passenger planes from PT Nurtanio. Thailand will use its planes for agriculture.

Paramajudha said that, currently, PT Nurtanio is exploring the possibility of selling planes to Bangladesh, the Middle east and Malaysia.

He acknowledged they will face considerable competition selling the planes overseas, especially in the already developed nations, besides the weak world economy.

12836

CSO: 4213/139

18 October 1985

INDONESIA

BRIEFS

OUTGOING HUNGARIAN AMBASSADOR--Indonesian House Speaker Amir Makhmud on 30 September received a courtesy call from outgoing Hungarian Ambassador to Indonesia Istvan Debreczeni, who will soon complete his 5-year tenure. On the occasion, the ambassador briefed the house speaker on the Hungarian Government's plan to send an economic mission to follow up President Suharto's recent visit to Hungary. [Summary] [Jakarta Domestic Service in Indonesian 1200 GMT 30 Sep 85]

JOINT OIL PRODUCTION LAUNCHED--Speaking at a ceremony at the Bina Graha presidential office in Jakarta on 27 September while commissioning a new offshore oil field in Madura via a long-distance television system, President Suharto said Indonesia has given foreign corporations opportunities to cooperate in utilizing its natural resources on the basis of equitable benefits. The new offshore oil field in Madura is a production-sharing joint venture between the state-owned Pertamina Oil Company and South Korea's Kodeco Energy Company. During the initial stages, new oil field is expected to yeild 15,000 barrels of crude oil per day. [Summary] [Jakarta Domestic Service in Indonesian 0600 GMT 27 Sep 85]

STATE RADIO FIRE--In connection with the fire gutting the Nusantara Tiga Radio Republik Indonesia [RRI] Building in Banjarmasin, Major General Faisal Tanjung, in his capacity as Kalimantan regional commander of the Security and Order Restoration Command, has called on the public in Banjarmasin and the surrounding areas to remain calm and not to be alarmed by reports given by unauthorized sources. According to the commander, the Nusantara Tiga RRI station is still able to perform its normal duties of providing services to the general public. According to Major General Faisal Tanjung, the investigation has thus far come to the conclusion that the origin of the fire was an electrical short circuit at the studio one on the second flood of the building. However, further investigation on the cause of fire is being jointly conducted by the regional government team, the Public Works Department, [word indistinct], as well as the criminal laboratory. [Text] [Jakarta Domestic Service in Indonesian 1200 GMT 30 Sep 85]

BUDDHIST ASSOCIATION ACCEPTS PANCASILA--The Indonesian Buddhist Association [Walubi] and the Parisada Hindu Dharma have accepted the Pancasila as the sole foundation. The acceptance was conveyed by each of the two chairmen of the above organization Soemantri MS and Ida Bagus Oka Uniatmadja at a hearing with the functional fraction for development [FKP] in the Parliament today. The FKP hearing led by Warsito Puspoyo occurred in connection with the imminent beginning of discussion of the draft law concerning social organizations by Parliament. The basis for consideration of Walubi in accepting Pancasila according to Soemantri was because Pancasila is the national ideology. In addition to that, since the formation of the Republic of Indonesia there have always been temptations from the extreme left and right. Walubi is aware that the Pancasila is a compass for the Indonesian people within the society and the nation. [Text] [Jakarta MERDEKA in Indonesian 11 Apr 85 pp 1, 12] 12836

SQUADRON FOUR REACTIVATED--After several years of being frozen, Tactical Air Reconnaissance Squadron Four has been reactivated as an operational element of the Indonesian National Army-Air Force [TNI-AU] since 9 April 1985 coinciding with the 39th anniversary of the TNI-AU. Official reactivation of this squadron was done by Chief of Staff, Chief Air Marshall TNI Sukardi at TNI-AU base Abdulrachman Saleh in Malang. Initially Air Squadron Four functioned as a Tactical Air Reconnaissance Squadron with Auster Mk II and Piper planes as its principle strength. After reactivation, Air Squadron Four will change functions to become a Light Transport Squadron with planes such as Casa 212 Aviocar, Gessna, Skyvan and C-47 Dakota. Sukardi said, in the development and progress of TNI-AU especially to support air mobility, the presence of Air Squadron Four is a needed function which must be fulfilled. Its initial strategical and tactical air role can be fulfilled by Air Squadron Five located at Ujungpandang. Placement of Light Transport Air Squadron Four at TNI-AU base Abdulrachman Saleh in Maland means that TNI-AU possesses increasingly complete air units so that in doing its tasks it is hoped not only to achieve faster action, but also possess faster mobility and preventive force, if needed, to support operational functions and national security. [Text] [Jakarta KOMPAS in Indonesian 10 Apr 85 p 12] 12836

PPM WELCOMES EDUCATION DECISION--The Central leadership of Muhammadiyah [PPM] gladly welcomes and feels grateful for the decision of the Director General for Elementary and Intermediate Education concerning the implementation of the obligation of state school candidates to choose the religious education in which they believe. The above was stated by PPM spokesman Drs Lukman Harun to PELITA last night. It is said that the decision of the Director general which was conveyed by the Minister of Education and Culture Nugroho Notosusanto to President Soeharto greatly relieves the heart of PPM organizers. The above decision means implementation of the GBHN in efforts to build a society which is pious towards God SWT. If there are those who argue with the above this means they do not understand the GBHN and the Constitution of 1945, said Likman Harun. To take an example, if there is a school child forced to study a religion which conflicts with the religion he follows, this would deeply conflict with fundamental human rights, said the PPM spokesman firmly. [Text] [Jakarta PELITA in Indonesian 9 Apr 85 pp 1, 2] 12836

NU APPRECIATES EDUCATION DECISION--Moslem Scholars Party Executive Committee General Chariman Abdurrachman Wahid said, NU truly appreciates efforts of the government in the case of the Department of Education and Culture in its implementation of religious education in state schools. The above efforts such as those put forth in the SK Dikdasmen concerning the teaching of religion in state schools essentially forms implementation of the GBHN which in this matter NU does not need to discuss specifically, said Abdurrachman Wahid after being received by the Minister of Religion in Jakarta last Tuesday morning. It was explained by NU that the government's decision does not need to be debated and because of it announced to all NU members to be obedient and implement the above decision of the government. He appraised the government's decision as a serious effort of the Depdikbud to implement religious lessons in school in accordance with the GBHN. [Text] [Jakarta HARIAN UMUM AB in Indonesian 10 Apr 85 p 1] 12836

CSO: 4213/215

MALAYSIA

VOMD SAYS GOVERNMENT VIOLATES OPPOSITION RIGHTS

BK270648 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT
26 Sep 85

["News Report": "The Mahathir Government Has Violated the Democratic Rights of Legal Opposition Parties"]

[Text] At the end of May of last year, Socialist Democratic Party [SDP] Secretary General Fan Yew Teng told the newspapers in Kuala Lumpur that his party was considering taking legal action against the country's inspector general of police and the minister of home affairs, who had illegally seized a number of the party's publications. The SDP was then in the process of preparing legal proceedings concerning the issue.

Fan Yew Teng said the police had seized more than 1,000 books, published by his party, entitled "The Suppressor and the Defender" along with several hundred posters and documents related to the book when they searched SDP headquarters on 16 February of last year. A number of copies of another book entitled "The Work Situation in Malaysia" were also seized by the police. He said that the police action, which violated the democratic rights of the legal parties, had been protested by the SDP and other parties, including Aliran, but to date the police have given no explanation for the seizures. Fan Yew Teng added that the SDP planned in all seriousness to summon the Elections Commission on an accusation of violating constitutional law and giving away rightful parliamentary constituencies and seats in the state legislative councils. He further pointed out that, under constitutional act No. 8 every citizen enjoys equal rights.

[Name indistinct], who is also from the SDP, accompanied Fan Yew Teng when meeting reporters and said, commenting on a newspaper report, that they would ask the Barisan National Government to set up an open court to screen all imported publications to determine whether they pose a threat to national security. The government had seized and banned several hundred publications from China, including several special research studies on current affairs, jungle birds and fauna, medication, and science.

In early April, the SDP issued an 11-point proposal asking the Barisan National Government to practice true parliamentary democracy in the country. The proposals are:

1. To allow opposition parties to hold gatherings.
2. To give the press freedom.
3. To allocate parliamentary and state legislative council seats fairly according to the results obtained by each political party.
4. To reallocate all electoral constituencies fairly.
5. To lift the pressure on opposition parties' debates in the House of Representatives.
6. To submit all draft laws to all parliamentary members 1 week before they are debated in Parliament and to lengthen the time for discussions and speeches.
7. For Parliament to use its special committee to pass certain important legislatures.
8. To help Parliament take action on accusations of abuse of power by government departments.
9. To provide each member of Parliament or a state legislative council with a paid secretary to carry out his duties more effectively.
10. To abolish the National Council.
11. To abolish all irrelevant acts such as the Internal Security Act, the University and University College Acts, and the Societies Act.

On 8 June, 2 weeks after Fan Yew Teng had told reporters that the SDP proposed to summon the inspector general of police and the minister for home affairs, the authorities detained him under the Internal Security Act, while a publisher and a distributor of the book were also detained for publishing and distributing a seditious publication. Fan Yew Teng was released on bail of 1,000 ringgit, paid by the party's deputy treasurer. Two days later, the magistrate's court ruled that the three accused could be released on a bail of 2,000 ringgit each while awaiting trial. In relation to this, SDP president Ismail Hashim held a press conference on 16 June in Ipoh to protest strongly and criticize the Barisan National Government, which had detained his party's secretary general. He said the government's action is a suppression of opposition parties. He disclosed that the SDP Central Committee had decided to launch a fund-raising campaign for public action against the government on the issue. He stressed that the SDP will launch its struggle to defend human and democratic rights, which appear in the constitution, in and out of court.

Fan Yew Teng denied that the two he wrote between July and September 1983 were seditious. He said "The Suppressor and the Defender," his English-language book, contained his works between 1970 and 1982. The main content of the writings were analyses of political problems

in Malaysia and Singapore. The 200-odd page book was published by Sneg Lee Publications Company in Kuala Lumpur. About 2,000 copies of the first edition of 3,000 were sold. Another book that was seized by the authorities contained a letter. Before he was detained, Fan Yew Teng was interrogated two or three times by the authorities concerning the publication of the books. Fan Yew Teng said that he will face the authorities in court.

CSO: 4213/2

MALAYSIA

BRIEFS

EXTRADITION PACT WITH SINGAPORE--The Malaysian and Singapore Police have agreed to arrest criminals seeking refuge in each other's country and extradite them for trial. The deputy inspector general police, Datuk Abdul Kudus Alias, told newsmen in Kuala Umpur that the agreement was reached during talks with his Singapore counterpart some days ago. [Summary] [Kuala Lumpur Domestic Service in Malay 1230 GMT 22 Sep 85]

YEAREND EXTERNAL DEBT PROJECTION--Central Bank Governor Datuk Jaafar Hussein has said Malaysia's external debt will rise by 8.2 percent to 40,400 million ringgit at the end of 1985. He issued the statement to refute claims made by certain bodies that the nation's foreign debt will be almost 50 billion ringgit. Datuk Jaafar said external debt includes 30,400 million ringgit owned by the public sector. [Excerpt] [Kuala Lumpur International Service in English 0600 GMT 28 Sep 85]

CSO: 4200/20

NEW ZEALAND

COLUMNIST REPORTS GROWING CONCERN ON ECONOMY

HK041415 Wellington THE EVENING POST in English 24 Sep 85 p 6

["Tony Garnier's Weekwatch" column: "Concern Is Growing Over Economic Management"]

[Text] A sense of economic foreboding is creeping up on the Government. This is apparent despite the broad endorsement the Government's economic policies and management was given at the recent Labour Party conference.

And the danger signals are apparent, despite the brave public words of top ministers that the economy is starting to head in the right direction.

In fact, the worry lines are starting to show. While the headlines continue to be dominated by the Rainbow Warrior bombing and the ANZUS-Nuclear ships row, there is no mistaking the growing concern about economic management within the Government's ranks.

The Government looks to have landed an economic dilemma in three critical areas: farming, the wage round and higher salaries.

The uncertainty has been made worse by last week's revelation that interest rates will not be falling as forecast. Under previous (wrong) ones?

Farming is in trouble. The pace of restructuring has been too fast for some farmers.

The Government has adopted the market-led policies advocated by farming leaders for years. Now, farming leaders are saying that if the Government doesn't step (back) in with help, not only will the farming sector collapse but the whole of the Government's economic strategy will be blown apart.

There are signs that some top members of the Government would like to "tough out" the crises. An element of their reasoning is that only this will finally force some traditionalist farmers into the required diversification and restructuring.

They reason that, as Nietzsche put it in his book "Human, All Too Human," a nation usually renews itself only when "on a political sickbed" and that some sectors of the community have yet to reach that level of sense of loss.

However, others in the Government (including Agriculture Minister Colin Moyle, it seems) disagree. They are angling to ensure the Government provinces relief for "good farmers." Part of the concern is that projections show sheep-farmers will have a 50 percent cut in income next year.

Those projections, even if 20 percent out, don't match the earlier claims by economists and government advisers that the economy is heading for a so-called "soft landing" as the way out of the tight conditions imposed by the Government's economic restructuring.

But the layman's prognosis gets worse. If farming income dives, where does this leave the rest of the economy and specially the wage round just starting?

Eighty percent of New Zealand's earnings come from the primary sector.

If the primary sector flops, the rug will be pulled out from under the economic strategy; the high wage round claims will have no foundation.

But even without an excessive wage round, the Government looks to be in a dilemma on how to proceed.

Ministers say they want "flexibility" and expect some settlements to be higher than others. Traditional relativities may be eroded if this happens.

Yet, some ministers have indicated the round should settle between 8 and 10 percent. This compares with an inflation rate of 16 percent and the massive increase in higher salaries (averaging 37 percent) just announced.

If settlements are too high for the Government, it has said it could intervene. But if it does, it immediately undermines the key policy plank to let the market find its own level.

However, the Prime Minister, Mr Lange, last week warned employers not to depend upon the threat of government intervention as a sure bet. He suggested that talk of intervention was very much a last resort; businesses would be advised to bargain within what they could afford, he told a press conference.

With trade union expectations for the round clearly in the 16 percent-plus region, and with the resolve hardened by the much larger higher salary determinations, the fate of the Government's economic strategy once again looks to be finely poised.

If it doesn't act, mayhem is threatened; if it does, we are back to Muldoonism.

But if the Government needs a restrained wage round, it also badly needs an upgraded public service.

The Government has said it doesn't like the Higher Salaries Commission's determination, yet it hasn't said what it would have liked the commission to have done.

The government's options on the commission's finding are still under discussion.

However, the longer they are discussed, the less likelihood they will be changed.

This is because the Government is learning that, to quote one official, at the end of the day it would be disastrous to leave the public sector worse off than the private sector, regardless of the impact of the wage round.

During the previous Government's two-year economic freeze, the private sector salaries were topped up by allowances. These included provision of a car (worth perhaps \$10,000 a year), entertainment allowance, housing loans, and loans to buy shares and stock options.

The private sector was doing no more than responding to market forces; the shortage of skilled people and the competition with overseas employers, specially Australia.

It is hardly surprising, therefore, that the public service has been plundered of its highly trained and scarce skilled people in departments as varied as the defence ministry and the Treasury.

The commission expressed its "worry" at the trend. As it put it in an introduction to its report, it attempted to balance the concern of taxpayers that public servants should not be paid excessive salaries against the consideration that "the taxpayer will not be served well by time serving mediocrity."

Exactly how the commission made its calculations to equate private sector non-salary rewards (perks) into public sector salaries is not clear from its report.

But there is (tentative) evidence to suggest that in some areas it pulled up short of the private sector and went too high in others.

For example, there is little in the review that allows specifically to pay a public servant a margin for skill. In the private sector, a foreign

exchange specialist may be earning more than his/her employer. There are specialists in the defence ministry and Treasury who are in rare demand, yet ranked well down the scales.

Despite the outcry against the commission's high salary determination, the ultimate irony could be that it hasn't solved the problem; many skilled public servants are still behind those in the private sector and may soon move on. . .

The Government is in yet another dilemma; it needs wage restraint, but there is an even greater long-term need for an upgraded public service, including internationally competitive salary scales.

CSO: 4200/40

NEW ZEALAND

COLUMNIST ANALYZES NATIONAL WORLD VIEW, URGES CHANGE

HK040741 Wellington THE EVENING POST in English 26 Sep 85 p 4

[Article by chief political reporter Tony Garnier: "What Is Our World View, Really?"]

[Text] If the ANZUS-Nuclear impasse is to be resolved, enlightened political leadership may be needed to force New Zealanders to change their world view.

The opportunity could soon be at hand for the Prime Minister and Minister of Foreign Affairs, Mr Lange, to lead this debate; when the anti-nuclear legislation is introduced to Parliament, or, if and when the United States reviews its involvement in ANZUS.

Successive opinion polls have revealed New Zealanders overwhelmingly want New Zealand to remain within the ANZUS alliance.

Those same polls show majority support for a nuclear-free New Zealand.

In the eyes of the ANZUS partners, the United States and Australia, there is an element of contradiction in the two positions. ANZUS has a nuclear component; the U.S. is a nuclear power. That is the reality of the alliance, as it is with the other cornerstone treaty in the Western Alliance umbrella, the North Atlantic Treaty Organisation.

New Zealand's full participation in ANZUS requires it to accept the reality of nuclear involvement. Can ANZUS be made to function in a modified form? It would seem not.

So, New Zealand must decide between remaining totally committed to ANZUS, including nuclear ships and abandoning the anti-nuclear stand.

Or, New Zealand could decide to work its way out of ANZUS (diplomatically and without cooling our century-plus long tie), and maintain the anti-nuclear policy.

With the U.S. this week indicating it may review ANZUS, and the anti-nuclear legislation due in Parliament shortly, time is fast running out to debate these options.

It may already be too late. Events look to be dictating which path New Zealand will follow: the anti-nuclear one. But who is able to reliably assess the costs and benefits of discarding ANZUS in favour of the anti-nuclear policy?

Or, will the move away from it be more a result of drift and a political leap from faith or, perhaps, factional pressure from within the Labour Party?

Articulate New Zealanders speaking out on these options (pro-ANZUS versus anti-nuclear) to date, seem to line up strongly on the anti-nuclear viewpoint. That is the key plank of foreign policy, not the membership of ANZUS, it seems.

Some senior public servants and National (and a lesser number of Labour) MPs unquestionably want New Zealand to take the pro-ANZUS path.

However, the public servants (like those on the other side of the argument) are unable to advance their views in public. And the pro-ANZUS MC seem unable to marshal a strong argument and consequently lack the credibility to sway the public.

The result: New Zealand has no clear world view. Instead, the political effort is going into fiddling with detail of whether or not a certain type of warship comes here carrying a particular armament.

Perhaps the real heart of the ANZUS-nuclear ships impasse is that New Zealanders don't have a strong attachment to Western values.

They may believe that they do, but if they did, in fact, have such a commitment, would they feel the same need (unlike Australians) to quibble over details (warship armaments)?

What is that? How did such a contradictory world view arise? What is the difference between the way New Zealanders view the world as against, say, Australians which accounts for our preoccupation with the nuclear ships and ANZUS issues?

The answers seem to be rooted in our colonial history, and can be focused on through speeches by former top civil servants. They have, from time to time, charted the evolution of New Zealand's foreign policy, from dependence to independence.

Former foreign affairs secretary Sir George Lanking, for example in 1980 described the New Zealand attitude as always having had "a sturdy streak of independence," even during its long period of tutelage by Britain.

And he noted that during the period after the Second World War when New Zealand shifted its "dependence" for security from Britain on to the U.S. and ANZUS, successive prime ministers strived to "straddle these diverging stools" to the extent they were capable.

Another former foreign affairs secretary, Mr Frank Corner, in the early 1960s focused on the shift of New Zealand's world view from dependence on Britain towards a more independent foreign policy concentrated on New Zealand's South Pacific-Polynesian location.

"I remember a New Zealand professor lecturing on New Zealand foreign policy in 1944. For too long, he said, following the argument very fashionable then in Australia, we had thought as if New Zealand were Britain, placed in Europe. 'To live', he said, 'in a place to which you are not emotionally attached, and to be attached to a place in which you do not live, is an unstable basis for a foreign policy'. Challenging words, and true," wrote Mr Corner.

In the article, Mr Corner drew out a difference in the world view between Australians and New Zealanders.

Australians, he noted, were concerned about Asia to their immediate north; whereas the slogan that Asia is "near north" to New Zealand made less sense. Instead, New Zealand's foreign policy destiny lay more in doing something about its South Pacific location, he argued.

This has happened, of course, but, even at that stage, he had a cautionary rider: "A foreign policy that concentrated exclusively on our own (South Pacific) parish would be as ill-balanced as one that assigns no place to it at all. Nor can New Zealand afford to be parochial if only because we must pursue trade opportunities throughout the world: a foreign policy is not likely to be stable or vigorous if its foundation is chronic economic instability. I simply suggest a policy of realism and, I confess, modesty which will recognise, however much it may deplore it, New Zealand's limited ability to influence the politics of the greater part of the world."

But the uniqueness of the New Zealand world view as drawn out by former geopoliticians, has arguably never really been widely debated.

The huge expanse of sea around New Zealand is like a security fence and gives New Zealanders a sense of not being threatened. This is a key difference from Australians.

New Zealanders have always harboured a strong independent streak; they are anti-Australian, anti-American and even anti-British to a strong degree.

While once attached to Britain, New Zealanders have never been committed to Europe as a whole; the notion of belonging to a Western civilisation is not strong, the outside tie is only to Britain, whereas many new Australians come from many parts of Europe, not just Britain.

And successive New Zealand leaders (including Mr Lange to date) have never strongly defended New Zealand's membership of ANZUS as a cornerstone of our world view.

Rather, they have moved with the tides of change as circumstances dictated.

Despite membership of ANZUS from the early 1950s, New Zealand hedged in getting involved in the Vietnam conflict; it went into Korea as a member of a Commonwealth force. Has there ever been a strong and full-blooded debate and defence of ANZUS by a New Zealand leader? I believe not.

This may be at the heart of the present ANZUS-nuclear impasse.

As the alliance views New Zealand, this country is quibbling with detail in its so-called commitment. If New Zealanders were fully committed to Western values (including nuclear deterrence, etc.), then there would not be the present argument about nuclear ships, surely.

Or putting this another way, what point is there for the U.S. (and Australia) bothering to respond to quibbles over detail, when, really, it is apparent that New Zealanders may not have strong commitment to the alliance?

Since the apron strings were cut from "mother" Britain, no New Zealand leader has built up a sense of New Zealand having a strong, binding relationship with any other country.

It has left New Zealand prey to any movement which has swept the world--the anti-nuclear, environmentalism, anti-apartheid--arguably to an extent not seen anywhere else in the world.

But strip away these campaigns, including the anti-nuclear stand, it leaves New Zealanders asking what, really, is their world view.

All we are left with is a sense of aloneness, which may or may not be enough to guarantee the basis of our security and a realistic and modest foreign policy which Mr Corner spoke of all those years ago.

CSO: 4200/40

NEW ZEALAND

GOVERNMENT OPTIONS ON TIMOR POLICY ANALYZED

Hk040749 Wellington THE EVENING POST in English 23 Sep 85 p 6

[Article by "special writer on international affairs" Bruce Kohn: "New Zealand Needs To Take Care In Southeast Asian Dealings"]

[Text] Diplomacy has many faces. As is often the case with politics, surface posturings not infrequently conceal the realities of deals being made away from the public eye.

But its purpose should be the servicing of the nation's interests over a broad range of matters varying in scope from political issues and economic considerations through trade questions and the needs of citizens travelling abroad.

Circumstances may dictate which of these at any time has priority in the eyes of the government of the day. Necessity periodically dictates that a price must be paid for lowering the status of one element in favour of another in the pursuit of government goals.

The difficulties New Zealand confronts as a result of events, some of which have been of its own making and others springing from external actions beyond its control, suggest a need for clear indications from the Government of its foreign policy priorities.

It is one thing to have a firm policy banning nuclear vessels from the nation's ports but this aspect of policy represents only half a load. The other half covers trade and economic aspects which must be protected not only in the context of the ANZUS spat but also in the continuing verbal fracas with Paris.

These two diplomatic and political dealings represent on their own issues of considerable moment. But similar significance may come to be attached to the recent surge of pressure placed on the Government to take a stand against Indonesia's administration of what was once the Portuguese colony of East Timor.

Concerns expressed by Amnesty International about events in the former colony now integrated in Indonesia as the province of Timor, represent the result of valid interests in global human rights records.

But the Government is facing more than just calls for an expression of concern. It is being asked to take diplomatic action--to instruct its representative abroad to take positive actions which may be seen in Jakarta as at best irritating, at worst an indication that trust built up in previous years counts for little in Wellington's new deal administration.

There are means of dealing with the legitimate concerns of Amnesty International which need not plunge Wellington into a fresh burst of acrimonious dealings with old friends.

It would not, however, be surprising if a failure to publicly make an issue of the matter resulted in pressure for action being stepped up in a manner which many members of the Government would find hard to resist.

Amnesty International has a first-class record in pursuing its goals of drawing attention to civil rights injustices.

The Indonesian Government is noted for the firmness with which it takes action when it deems internal security issues are at stake. It has also at times had to deal, in respect of East Timor, with opposition groups whose zealotry in pursuit of what they see as a nationalist cause have on occasions given priority to propaganda at the cost of reputation for veracity.

The picture of events in Timor is considerably muddled. That former Australian Prime Minister Gough Whitlam on a fact-finding mission there some years ago, found it necessary to go to considerable lengths to emphasize his belief that church groups had been much less than honest in their portrayal of alleged civilian massacres, underlines the difficulties confronting an honest analysis of development in the area.

It is in New Zealand's interest to have a good relationship with Indonesia. That Prime Minister David Lange described the relationship recently as only "reasonably good," raised eyebrows in some diplomatic quarters.

There seems reason to question whether New Zealand in pursuit of further international causes of "justice," can afford to add another country to the list of those with which it has a public difference of opinion.

Not least among reasons why there are grounds for treading warily is the prospect that a souring of mood between Wellington and Jakarta would be unlikely to contribute positively to Canberra's view of New Zealand foreign policymaking.

The New Zealand anti-nuclear posture worried Canberra not only because it preferred a tight-knit ANZUS trio but also because undertones of approaching differences in perspectives on Southeast Asia were perceived.

Moves by the Government to take a high profile stance on East Timor would be unlikely, to calm Canberra's sense of unease and against the background

of difficulties with the U.S. and France, provoke an impression that reliability as a friend is not New Zealand's long suit.

Ripple effects when the nation faces potentially significant disruption of trading patterns in Europe and the need for goodwill in the economic powerhouses of Asia, need to be taken into account.

CSO: 4200/40

PHILIPPINES

ROXAS TURNS DOWN LIBERAL PRESIDENCY; PARTY SPLIT

Compromise Candidate Concedes

HK060310 Manila BULLETIN TODAY in English 4 Oct 85 pp 1, 15

[Text] Mrs Judy A. Roxas turned down yesterday the offer of both Member of Parliament Eva Estrada Kalaw and former Senator Jovito R. Salonga that she assume the Liberal Party [LP] presidency.

"I wish to reiterate my position that I have never been and am not now interested in assuming the presidency of the Liberal Party," Mrs Roxas said in a statement.

The widow of Senator Gerardo M. Roxas, LP president at the time of his death, said, "I believe that the leadership issue in the party should be settled among those who are actively involved in public life."

She thanked Kalaw and Salonga and some LP leaders for their "kind suggestions." Both Kalaw and Salonga had earlier offered to give way to her as a compromise to their bid for the top LP post.

Her role, Mrs Roxas said, has consistently been that of mediator and "we are still continuing in our quest" in the unification process."

The Roxas widow expressed confidence the party leaders "will still be able to reach a satisfactory solution which will result in our desired unity."

She also said:

"Our people look to us to act with the highest sense of duty as the issues that confront us involve not only our party but the urgent need of the country for a united democratic opposition."

"I am confident that if all of us face up to our respective responsibilities, no problem is too great to solve, no barrier or obstacle too difficult to overcome."

Even as Mrs Roxas refused the offer, Kalaw and Salonga signed an agreement that in their respective meetings tomorrow, they will propose the creation of their own three-man committee "directed to reach out to each other towards a unification of the Liberal Party."

The two LP leaders, who serve as LP co-chairpersons, declared in the agreement that "we are leaving the door open for such unification."

The agreement was signed in the presence of lawyer Jose Palarca Jr. and Dr Pedro Yap, chairman of the unity implementation committee.

The Salonga faction will proceed with its expanded national executive committee meeting at the residence of Mrs Roxas in Cubao, Quezon City, while the Kalaw group will hold its national directorate meeting at the Makati Sports Club in Makati, Metro Manila.

Party Rift Profiled

HK041459 Quezon City VERITAS in English 6 Oct 85 pp 10, 12

[By Rina Jimenez David]

[Text] Decades before Apo [Elder person of authority, grand famer] Ferdinand changed the landscape of Philippine politics (drastically, but not, it is hoped, permanently) the scene was dominated by two giants, the Nacionalista Party [NP] and the Liberal Party [LP], who divided between themselves, as poker cronies would, the spoils of the game.

Woe to the politician who dared buck the sacred two-party system. For though the two parties trace their beginnings through different routes, and espoused separate platforms, visions and programs of government; they were, in essence, interchangeable, guardians of the same status quo. Nowhere was this more obvious than in the dizzying round of party cross-overs and desertions. So often did mayors, governors, congressmen, senators and even presidents change party affiliations that the political process seemed one long boisterous square dance, with one virtuoso accomplishing the feat of changing partners nine times in his turbulent career.

Dissension, then, has been as much a part of Philippine political history as elections. This is especially true of the Liberal Party, which survived more than a decade of plundering by Marcos and the KBL [Kilusang Bagong Lipunan] only to seemingly falter on this the eve of a decisive political exercise, racked, as it has been through most of its life by a leadership struggle. The struggle reaches a high point on Saturday, October 5, when the Salonga-convened meeting of the "national executive committee" takes place. On the same day, Kalaw threatens to hold a meeting of the "national executive committee". Only then will the nation know if the LP has regained its old vigor or if it is doomed to years of splintered existence.

Joaquin Roces, in his column to the daily MALAYA, put it succinctly when he noted that "while the Nacionalista Party was split into two irreconcilable positions, the split in the Liberals was merely a question of personalities and leadership."

But, my, what personalities! On the one hand, ladies first, is Eva Estrada Kalaw, who ran as a guest candidate in the LP senatorial slate of 1971 (she was a renegade NP), sustained injuries in the infamous Plaza Miranda bombing, survived a brief period of incarceration, only to emerge the top victor for Manila in the 1984 Batasan Pambansa elections.

Pitted against this formidable lady is Jovito Salonga, who topped the 1971 Senate race (repeating his 1965 feat) despite serious injuries incurred at Plaza Miranda, and devoted much of his time after Martial Law to defending clients like Ninoy Aquino before courts of law.

In 1981, Salonga left for the United States for medical treatment and stayed on until January of this year when he chose to come home with the avowed aim of "unifying not only the Liberal Party but the entire opposition." His long stay abroad and staunch support of the LP leadership's policy of boycotting all elections called under a Martial Law regime, is regarded by some as a serious liability, one that might have weakened even his vaunted national following.

Kalaw, by contrast, has been a constant thorn on the regime's side, plugging away even while her male colleagues had exiled themselves in the States. In 1984, flushed with the fever of post-Aquino anger, she gathered LP provincial and city leaders chafing under years of inactivity to defy the boycott stance of the Liberal leadership.

Expelled for choosing to participate in the 1984 race for the National Assembly, the "Kalaw wing" instead convened what they call the Liberal Party national directorate which in turn elected her party president.

To this day, the Kalaw and Salonga camps contest the validity of that election. Eva Kalaw insists it was a legally constituted body, based as it was on the 1971 membership of the LP national directorate. Salonga says what Kalaw called was a unity meeting of "concerned" Liberals, and that only after they had gathered were the participants informed it was a meeting of the national directorate. "This is not in accordance with party rules," notes Salonga, repeating a phrase that crops up time and again, from both sides.

Whatever. After winning her Assembly seat, Kalaw began the first of many tentative steps towards unification of the party. In a meeting with Salonga in California, she forged, "off the record," an agreement with the former senator where she "was to stay as president and share the rights and privileges of the position with (Salonga) as chairman." But, she adds, "as soon as he came to the Philippines, he told me that his executive committee did not agree with our agreement in the States." Salonga denies such an

agreement was ever reached, telling the Kapihan sa Maynila [Manila Coffeeshop] audience last Monday that "at no time did we have a meeting of minds on party chairman and president. There is no such thing as a party chairman."

On December last year, Kalaw and Salonga in the presence of Judy Araneta-Roxas, issued a "Joint Statement of Unity," creating in the process a five-man committee composed of Dr Pedro Yap, Atty. Abraham Sarmiento, former Congressman Manuel Concordia, MP Lito Atienza and Senator John Osmena "to recommend. . . the details and mechanics to advance party unity."

Salonga came home in January, and after months of meetings by the five-man committee, a "Unity Agreement" was signed in May by Kalaw and Salonga, with Roxas as witness. It provided among other things, that: The party will be under the joint stewardship of "National Chairman" Kalaw and "Party Chairman" Salonga who shall "jointly exercise the powers of President of the Party." A nine-man "Implementation Committee" shall be charged with the task of "implementing the details and mechanics of this Agreement. In case of deadlock, the two Chairmen shall decide the issue, with Mrs Judy Roxas as arbiter;" and, "Subject to the authority of the National Convention and the National Directorate, the Executive Committee shall be the governing body of the Party. It shall be reconstituted by the Implementation Committee."

Everything seemed rosy so far. The nine-man implementation committee (four representatives of Salonga and four for Kalaw with a non-voting chairman) began by appointing acting provincial chairmen, and was able to agree unanimously on naming those of 53 provinces (including Manila) until it could proceed no further, because, according to committee chairman Dr Pedro Yap, "either it could not agree on a common choice or because it still had to check out possible appointees."

According to the Salonga camp, it was during this stage of its work that Kalaw and Salonga were invited by the committee to attend some of its meetings. At the meeting on July 18, Kalaw "spoke quite eloquently" on the need for a single party leader, adding that "the present situation of dual leadership should not be allowed to continue." The Committee thus began exploring the mechanics to select a Party President.

The Kalaw camp, however, maintains that Salonga and company were so bogged by all the talk of snap presidential elections that they began formulating plans of selecting the LP presidential standard bearer [PSB]. Talks raged between those who felt the "executive committee" should select the PSB and those who thought a larger, more representative body should do the job. On August 29, it was finally agreed that the Implementation Committee should go ahead with its assigned task of reconstituting the Executive Committee.

After more bargaining, the following allotment of "delegates" to the 200-man executive committee meeting was agreed upon: 55 each for Kalaw and Salonga; the 53 provincial chairmen already agreed upon by the implementation committee; and 31 members or more to be nominated by Mrs Judy Roxas "among prominent party leaders who may have been overlooked." The date for the

meeting was first set for September 29. Kalaw and Salonga then submitted their own lists to the Implementation Committee.

Then the snags developed. First came a letter from Eva Kalaw addressed to Judy Roxas and dated September 12 protesting, first of all, to "language in the notification letter to members of the reconstituted Executive Committee. . .linking the election of Party President to the choice of the Party's nominee to the NUC/CG [National Unification Council/Convenors Group] process in the event of a snap election."

Secondly, Kalaw proposed Roxas' election as LP president in the September 29 meeting, adding that in the meantime, she was pulling out her representatives from the Implementation Committee "while we await your election to and assumption of the Presidency of the Party."

"A party nominee may not necessarily be the one who's best to nurse the party," explained Kalaw when asked why she objected to "language" making the Party President the possible PSB. To satisfy her, Judy Roxas agreed to re-word the notification letter, but continued to resist offers of the LP presidency.

On September 17, Kalaw wrote Roxas again, enclosing a resolution passed by "regional and provincial chairmen who were in my office on (September 16)" objecting to the manner of selection of the delegates, and alleging that "representation in the proposed convention will be more along lines of personal loyalty...rather than loyalty."

It was in this resolution that the calling of the "National Directorate" (a bigger body) was first proposed. Kalaw in her letter also asked that the September 29 meeting be cancelled, but it was simply moved back to October 5.

In an interview last week at her Makati office, Kalaw also brought up her objections not only to Salonga's list, but to Judy Roxas', too. Salonga's list, she said, "Was riddled with Bayan [New Nationalist Alliance], Bandila [Filipino acronym for People's Unity in Spirit and Vision, a social democratic opposition alliance] and all kinds of non-Liberals." While Judy Roxas' was "also based on personal following, this won't do because we would again disenfranchise rightful members of the Liberal Party who are truly exofficio."

In reply, Salonga singles out names in Kalaw's list: "Her nephews, her own staff members, and others who belong to other political parties." Explaining that Bayan, Bandila and Laban (before it merged with PDP) "are not political parties" and therefore he can see no conflict in being a member of both these groups and the LP, Salonga notes that he "required all these people to reaffirm their membership in the Liberal Party."

A Liberal Party source claims the root of Kalaw's objections to the October 5 meeting is her "panic" when she finally got to look at the lists and realized she would lose the contest for party president. Kalaw herself staunchly maintains her objections are rooted in her desire to "uphold party rules and regulations."

Other Liberals in the Salonga camp see a more sinister coloring to the sudden flurry of Kalaw objections. They say that the September 12 letter was written soon after Kalaw held a "marathon meeting" with a non-LP opposition leader. Sonny Osmena, who was part of Kalaw's delegation to the nine-man implementation committee, said as much when he warned of "forces outside of the party working to destroy us... Let us not allow our decisions to be reviewed, vetoed or influenced by forces who, while they pretend to be friends (are really) enemies."

When asked if it was true that she had recently met with UNIDO'S Doy Laurel for five hours, Kalaw said the meeting was about NUC matters. She also vigorously denied talk that she was planning to join UNIDO: "I seceded from UNIDO. I'm the president of the Liberal party, why should I join UNIDO?"

Last Monday, at the Kapihan sa Maynila, Salonga and Kalaw closed their stormy exchange with a mutual agreement to offer the presidency of the party to Gerry Roxas' widow, Judy. With that, the two shook hands. According to party sources, Mrs Roxas requested both parties to put the proposal in writing before she would consider it. Salonga sent a letter quoting his reply to Kalaw at the Kapihan: "Hindi pa tumutubo iyan sa puso ni Eva, sinabi ko na iyan kay Judy. [published in Tagalog] In fact, only last night I was trying to convince Judy to accept the presidency of the party." Mrs Kalaw sent a letter to Mrs Roxas in which she reiterated her earlier offer of the party presidency, but added that "towards this end I will call the national directorate which elected me president on February 12, 1984 to submit this proposal to that body so that its validity shall not be open to challenge."

And so we stand, two days before the shootout on October 5. Salonga's group is deadset on pushing through with the executive committee meeting to be held at the residence of Mrs Roxas. According to sources, about 120 of the expected 200 participants have confirmed their attendance. Mrs Kalaw seems equally determined to call her national directorate meeting, perhaps at the Club Filipino.

Can the Liberal Party survive two meetings designed to elect the party leader? Can it withstand another setback to the unification process after arduous months of negotiations? Can it afford to wait any more, what with local elections in '86 and presidential elections in '87?

When asked how the Liberal Party is faring today, both Kalaw and Salonga have one answer: "It is a sleeping giant." Both are confident the party will revive and regain its old luster. The events of October 5 should show if the sleeping giant will awaken only to end up like some freak of nature, a huge body with two heads, fighting, bickering and clawing. A sad, tragic, and comic figure.

Editorial Views Rivalry

HK050742 Quezon City VERITAS in English 6 Oct 85 p 5

[Editorial: "Burying the Liberal Party?"]

[Text] Only a miracle, it seems clear at this writing, can stop the October 5 convention of the Liberal Party [LP]. And if that takes place, not even a miracle will heal the rift that has developed between the two LP leaders, Senator Jovito R. Salonga and Senator Eva Estrada Kalaw.

The charges and counter-charges, so eloquently articulated by both during the Kappihan last Monday, are too well-known to be repeated here. But, when stripped of all the acrimony and the verbiage, one fact stands out: both Salonga and Kalaw are desperately seeking to become the LP presidential standard bearer to compete with other PSBS [expansion unknown] if and when the National Unification Committee meets to select the official opposition candidate in a presidential contest.

There is, of course, absolutely nothing wrong when two loyal party leaders desire the same post. It becomes wrong only if the fight for that one position becomes so bitter that party unity is threatened. This is what is happening within the LP right now.

This is most deplorable, for, whether we admit it or not, it is the LP alone which retained its basic organization even through the most rigorous years of martial rule. For the party to break up now can only elicit triumphant, gloating laughter from Malacanang.

CSO: 4200/38

PHILIPPINES

MARCOS EXTENDS SERVICE OF SIX GENERALS FOR SIX MONTHS

Extensions Listed

HK041233 Manila TIMES JOURNAL in English 2 Oct 85 p 1

[Text] President Marcos approved the re-extension of the services of a navy commodore and five brigadier generals, a report monitored in Camp Aguinaldo yesterday said.

Allowed to stay in the service for six months more, according to the report, were the following one-star rank officers:

Commodore Brillante Ochoco, coast guard commandant.

Brig. Gen. Mariano Miranda, the army's Tabak division chief.

Brig. Gen. Andres Ramos of the PC [Philippine Constabulary] Regional Unified Command 4 chief.

Brig. Gen. Madrino Munoz of the army, Regional Unified Command 10 chief.

Brig. Gen. Arsenio Silva, air force chief of staff.

Brig. Gen. Salvador Mison of the army, Regional Unified Command 8 chief.

The AFP [Armed Forces of the Philippines] has 100 generals, 29 of whom are retirables including the six new re-extendees.

Extendees' Status Updated

HK040449 Manila METRO MANILA TIMES in English 2 Oct 85 pp 1, 5

[By Arnold Atadero]

[Text] A total of 17 AFP generals are scheduled to retire from the active military service during the last quarter of 1985, while five others bowed out of the service recently.

Of the 17 due for retirement, 16 are so-called "extendees" whose tour of duties should have ended earlier, but whose appointments were extended on orders of high authorities. A general becomes retireable when he reaches 56.

Sources at Camp Aguinaldo said yesterday the extended tours of duty of seven of the 17 extender star rank officers officially ended yesterday, October 1.

They were Brig. Gen. Andres Ramos, commander of the AFP [Armed Forces of the Philippines] Region 4 (Southern Tagalog) command; Commodore Brillante Ochoco, commander of the Philippine Coast Guard (PCG); Brig. Gen. Rosalino Alquiza, president of General Staff College (GSC); Brig. Gen. Salvador Mison, commander of the Region 8 (Eastern Visayas) command; Brig. Gen. Mariano Miranda, chief of the Army First (Tabak) Division based in Sulu; Brig. Gen. Arsenio Silva, chief of staff, Philippine Air Force (PAF); and Brig. Gen. Madrino Munoz, commander of the Region 10 (Northern Mindanao).

Despite the expiration of their extension yesterday, the seven have not vacated their posts for fear of being charged with abandonment of office.

This means that they will stick it out until an order from President Marcos, commander in chief of the Armed Forces, extending them anew or retiring them, is issued.

Also due for retirement this month are Brig. Gen. Sinforoso Duque, AFP adjutant general; Brig. Gen. Godofredo Sta. Ana, 3rd Air Division commander; Brig. Gen. Leo Santos, chief of the Communications Electronic Services (Comel), and Maj. Gen. Delfin Castro, commander of the Southern Command (Southcom).

Retiring next month are Brig. Gens. Santiago Barangan, commander of the Presidential Security Command (PSC); Neresito Creus of the air force; Alfredo Olano, office of the PC [Philippine Constabulary] chief at Camp Crame; Ramon Cannu, Army vice commander; Prospero Olivas, Metrocom chief (on leave), and Brig. Gen. Eustaquio Purugganan, AFP inspector general.

Purugganan is a nonextender but is retiring on November 25 upon reaching the compulsory retirement age of 56.

Under the AFP retirement law, an officer is retired from the active service upon reaching the age of 56 or 30 years of uninterrupted service, whichever comes later.

Six other generals who have been given another extension are Navy Commodore Serapio Martillano, AFP deputy chief of staff; Brig. Gen. Pedrito de Guzman, former PC-INP [Philippine Constabulary-Integrated National Police] Region 10 command chief; Commodore Alfredo Protacio of the Philippine Navy; Brig. Gen. Alexander Felix, Region 2 (Cagayan Valley ?) commander; and Brig. Gen. Oscar Mapua, Region 3 deputy commander.

De Guzman was wounded when he was ambushed by car-riding gunmen near the PC-INP Region 10 headquarters in Cagayan de Oro City last January and had to be brought to the U.S. where he underwent a series of major operations.

De Guzman was extended for two months. His extension expires November 26.

For December, only Brig. Gen. Angel Kanapi, military attache in the Philippine Embassy in Washington, D.C., is due for retirement. He is also an extendee.

At present, there are 30 more extendee generals in the active service.

At one point in time, about 53 percent of the 100 generals in the AFP were extendees, which meant that they outnumbered the nonextendees.

The number has been reduced to only 30 with the retirement, without fanfare, of a number of the extendees.

It was noted that in the latest round of promotions approved by the President, the first priority was given to senior officers on combat duties.

Most of the 28 new generals promoted last June 27 were members of Philippine Military Academy (PMA) Classes 1956 and 1957.

Among the latest to be retired were Brig. Gens. Rodolfo Albano, former chief of AFP corps of Engineers; Pacifico Lopez de Leon, former head of the Civil Relations Service (CRS), and Jose Alcaneses, former commander of Region 5 (Bicol) command.

CSO: 4200/38

PHILIPPINES

COLUMNIST SAYS TIME FOR RECONCILIATION OVER

HK190310 Manila BUSINESS DAY in English 17 Sep 85 pp 4, 18

["To Take a Stand" column by Ramon R. del Rosario Jr, president of Manindigan!, "an organization of businessmen, professionals, and concerned citizens committed to take a stand on vital national issues": "Beyond Reconciliation"]

[Text] In the weeks and months immediately following August 21, 1983, numerous calls for national reconciliation were sounded, the most prominent of which was that made by Jaime Cardinal Sin. Even among those who professed to be outraged by Ninoy's vicious murder, there were many who believed that through substantive reform, the Marcos government would somehow manage to prevent total national disintegration and collapse. Those who believed that there was no hope for the country to save itself for as long as Mr Marcos was in power, and therefore advocated a concerted effort to force him out of office, were branded as overly emotional and excessively radical, particularly by those who prided themselves in being "moderate."

But as the months passed, and then a year, and then another, the ranks of those who believed in reform and reconciliation dwindled, and more and more were arriving at the conclusion that the first step towards national survival and recovery would have to be the ouster of the Marcos regime and the installation of a new leadership that enjoys the trust and confidence of the Filipino people and is thus in a position to lead this country out of its misery.

That such a national consensus eventually emerged was inevitable. For the government's response to the people's anguished cries for justice, truth, and freedom, was the brutal violation of its citizens' fundamental rights, the blatant and shameless suppression of the truth, and a tenacious and uncompromising grip on its vast dictatorial powers.

The Filipino people demanded justice for Ninoy and took heart at the courage of the men of the Agrava board and its legal staff. But the majority report of the Factfinding board, and perhaps the courageous testimony of Rebecca Quijano, turned out to be the solitary bright spots in what has now turned out to be a scandalous and shameless insult to the intelligence and the patience of the Filipino people. Even worse, justice has been denied

not only Ninoy, but numerous others who have been harassed, imprisoned, tortured, or even murdered, all for the unforgivable crime of daring to oppose the Marcos regime.

The search for truth has been equally frustrating, with the government demonstrating time and again not only its commitment to the suppression of truth but its unbridled determination to create illusions of progress and well-being through the dissemination of blatant lies and half-truths. Through direct ownership or intimidation, it exercises virtually total control over mass media, save for a vanishing breed of independent minded journalists whose ranks are being brutally decimated, day after day.

And we as a people continue to be denied our fundamental freedoms. The constitution itself has been transformed into an instrument, not for the protection of the rights of Filipinos, but for the perpetuation of one-man rule and one man's reign. Our people have demanded the repeal of Amendment 6 and the President's power to issue Pdas [Preventive detention actions], but these demands have fallen on deaf ears. Our so-called freedoms of speech and of expression are recognized far more through their abuse than their observance. Our efforts to express our legitimate grievances are met with barbed wire, water cannons, truncheons, tear gas, and bullets.

Neither has the abuse of our people been limited to the realm of abstract concepts of justice, truth, and freedom. For many of our countrymen and their children are experiencing severe hunger, malnutrition and imminent starvation for the first time in their lives. This because of the consummate skill and thoroughness displayed by Mr. Marcos and his cronies in their plunder of the Philippine economy. Not even government statistics can disguise the devastation that the 20-year incumbency of Mr. Marcos has wrought on the Philippine economy. Mr. Marcos and his cronies have transformed the relatively robust economy they "inherited" in 1965, then considered one of the bright stars in Southeast Asia, into the region's poorest, sorriest, and weakest link. In the process they have also destroyed the spirit of the legitimate Filipino entrepreneur who simply lost heart and gave up when it became clear that the cards were all stacked against him and that success was attained not through hard work or a keen business sense or a venturesome spirit, but through special friends and special favors.

In the context of a highly repressive government, a disaffected people and dismal economic conditions and prospects, it should be no surprise that the Philippines is faced with a mounting communist-inspired insurgency. But the absurdity is that he who brought about the conditions that have allowed the insurgency to fester and to grow now has the gall to claim that he, and only he, is the alternative to communism.

It is in this context that Cardinal Sin and Mr. Marcos have seen fit to once again issue a call for national reconciliation. Whatever it was that led the Cardinal to issue such a call, it must have something to do with divine guidance, for in the purely human realm I must admit that my feeble human mind fails to see the sense in such a call at this time.

I understand national reconciliation to mean the setting aside of differences and working together for the good of the nation. But as others have pointed out, reconciliation must begin with humility, and admission of shortcomings and mistakes, and a sincere determination to correct the mistakes of the past and to do substantively better in the future. If the renewed call for national reconciliation had been preceded by some meaningful signs of humility and remorse, then perhaps the call would have been apt.

Yet in the weeks prior to the call, what have we witnessed? The use of brute political force to subvert the impeachment proceedings against Mr. Marcos. The blatant attempt to intimidate media on the issue of hidden wealth through multi-million-peso libel suits, and the obvious effort to whitewash the charges that appear to be well-documented. The launching of an effort to deliver yet another industry to the hands of a favorite crony. The unmasking of the zarzuela [musical comedy show] that the Sandiganbayan trial has turned out to be. The tactic to use Amendment 6 to enact a budget law if the opposition in the Batasan does not cooperate with the KBL [Kilusang Bagong Lipunan]. The brutal killing and beheading of suspected communist rebels and a Catholic priest in Bakun, Benguet and the subsequent desecration of their graves to cover up the atrocities. No semblance of humility. No semblance of remorse.

Even more important is the Marcos regime's 20-year record of deception, repression, and greed, leading finally to a loss of the trust and confidence of the Filipino people and of the moral authority to lead the nation out of crisis.

The time for reconciliation with Mr. Marcos is long past. And no effort to pull this nation out of crisis and away from the jaws of communism will succeed unless it is directed at getting the Marcos government out of office at the earliest time possible. Every additional day that the Marcos government remains in power is another day closer to anarchy and bloodshed.

Forgiveness and patience may indeed be admirable Christian traits. But so too is the unrelenting and uncompromising pursuit of truth, justice, freedom, and a better future for our people.

CSO: 4200/3

PHILIPPINES

SOURCES CITED ON POSSIBLE REORGANIZATION OF PC

HK120411 Manila BUSINESS DAY in English 11 Sep 85 p 24

[Article by Marites Danguilan-Vitug]

[Text] The recent transfer of supervision over the Integrated National Police (INP) from the Armed Forces [AFP] to the Office of the President may yet trigger a reorganization: some military officers foresee the Philippine Constabulary (PC) being attached to the Army.

Sources from the INP told BUSINESS DAY this is a "logical consequence" of the INP's supervision by the Office of President Marcos and the eventual formation of a national police force.

"The PC would no longer be needed when a national police will have been created," a senior military officer said.

But, INP sources disclosed, Acting AFP Chief of Staff Lt. Gen. Fidel Ramos had already planned the establishment of a national police force before Marcos announced the transfer of police supervision to local officials.

A spokesman for Ramos said the general was not available for comment.

Ramos ordered a 15-man committee from the PC-INP in 1982 to map out plans for the police and study directions the INP can take. Concluded last year, the study prescribed a 10-year period within which the national police will be established, starting off with the separation of the INP from the PC.

A member of the study team said they proposed that the PC elements be given a choice as to what major service command they could stay in: the Army or police.

President Marcos's move of transferring the INP from the AFP to his office has accelerated Ramos's plans--but with a twist: the police is no longer under the supervision of the AFP and may yet end up under a new office, possibly a ministry of interior or public safety which some military officers are almost sure AFP Chief of Staff (on leave) Gen. Fabian Ver will head.

The National Police Commission (Napolcom) will provide the infrastructure for the new office, a senior military officer said.

The INP sources also think that the combined Army and police forces under Army chief Maj. Gen. Josephus Ramas will be renamed Philippine Ground or Defense Forces.

An Army colonel said this setup will facilitate an election victory for the Kilusang Bagong Lipunan because it would then be easy for the military to be used during elections.

Ramas will then have a bigger power base. Estimates of constabulary forces as of 1980, were at 43,500. An INP source said the Army will double its size once the PC elements are attached to Ramas's command.

Ver, some military officers say, is set to be reinstated as chief of staff his acquittal by the Sandiganbayan. [as published] "The timing has to be perfected," one military officer said.

Their scenario: Ver will stay for a brief period after which he will be appointed to the new office. The new set-up--a ministry of interior in charge of law enforcement under Ver and an enlarged Army under Ramas--will favor the KBL in forthcoming elections, some military officers conclude.

A recent study on the PC-INP set-up conducted by Col. Manuel Pepino, though, pointed out the contradictions in the structure. He said the PC is envisioned by presidential decree to be the nucleus of the INP yet it provides the continued existence of the Constabulary as a separate organization.

The PAC, he said, has a dual personality, with each personality under the supervision of a different superior. As a major service of the Armed Forces, it is under the Chief of Staff, as part of the INP, it is directly under the Ministry of National Defense.

He concluded, in the study submitted to the National Defense College of the Philippines, that the concept of an integrated national police force has not been fully implemented. He said the country has still two parallel police forces, both national in jurisdiction, joined only at various level of command; both are also governed by different sets of laws and covered by different personnel policies.

He recommended that "weaning away" of the INP from the military establishment and its transfer to a civilian office. He said law enforcement is a civil function.

The police, after being separated from the PC-INP, should be charged with the primary responsibility of law enforcement, he added. "This will pinpoint responsibility and make better accountability of police commanders to their superiors and to the people."

He urged the retention of the PC as a component of the Armed Forces and allow it to perform its military duties, "unencumbered" by police responsibilities.

CSO: 4200/3

PHILIPPINES

SEC RELEASES CAPITAL INVESTMENT FIGURES

HK110549 Manila BUSINESS DAY in English 10 Sep 85 p 3

[Text] Total capital investments in new and existing firms rose 90.3 percent to P3,670.2 million from January to July from P1,928.6 million posted during the same seven-month period last year, the Securities and Exchange Commission (SEC) reported yesterday.

On a monthly basis, combined capital infusions in new and existing enterprises declined 20.1 percent to P545.6 million last July against June's P682.6 million.

Cumulative initial paidup capital during the first seven months of the year expanded 83 percent to P1,273.1 million from P695.7 million the year before.

Investments in new firms for July totaled P233.5 million, 3.4 times bigger than June's P69.7 million.

The single biggest registrant for that month, according to the commission, was Bpi Family Savings Bank with an initial paidup capital of P135 million.

The SEC said: "Bpi Family Savings Bank was formed with the transfer to the corporation of a portion of the assets and liabilities of Family Bank and Trust [Fbtc] Inc. The remaining assets and liabilities of Fbtc were transferred to the Bank of the Philippine Islands by a merger agreement."

Top investors last July included Coopers Animal Health (Phils), Inc., P5 million; Panicle Agro-Industrial Development Corp., P3.4 million; SM Equicom Computer Services, Inc., P3; Maritime Corp., P2.5 million; and Broadway Travel, Inc., P2.5 million.

Capital expansions or reinvestments meanwhile jumped 94.4 percent to P2,397.1 million for the first seven months from P1,232.9 million last year.

For the month of July though, reinvestments slowed down 49.1 percent to P312.1 million against June's P612.8 million.

The top reinvestor last month was Bristol Myers (Manila), Inc. which put in an additional capital infusion of P45.1 million.

Regarding the Bpi-Fbtc merger, which could have affected the statistics on reinvestments, the commission emphasized that "there was no increase in the capital stock of Bpi for the purpose of the merger with Fbtc because no shares were issued in relation to this merger agreement inasmuch as Bpi was the sole stockholder of Fbtc and has acquired all Fbtc's assets as liquidating dividends."

Cumulative foreign investments in new and existing firms, on the other hand, increased three-fold to P812.5 million for the first seven months against the yearago's [as published] P295.2 million.

During this period, foreign investments in new ventures came to P33.6 million while additional equity in existing local firms reached P779 million.

Regarding capital dissolutions, the seven-month period saw 93 firms dissolving and three corporations decreasing their capital worth by P1,398.5 million.

The same period last year only saw P143.5 million worth of capital withdrawn (capital losses) representing 109 corporate deaths and four firms incurring capital deficits.

CSO: 4200/3

PHILIPPINES

OBSTACLES TO THIRD CREDIT TRANCHE TO BE CLEARED SOON

HK130938 Manila BUSINESS DAY in English 12 Sep 85 p 2

[Text] The government and the International Monetary Fund (IMF) still have to agree on the structural reforms for the sugar and coconut industries on the size of the budget deficit for this year before the Fund can release its third credit tranche, Central Bank [CB] governor Jose B. Fernandez Jr. said yesterday.

In a press briefing, the CB governor said he expects these issues--the only remaining obstacles to the third credit tranche release--to be resolved within the month in time for the IMF executive board's deliberation on the government's revised letter of intent scheduled for Sept. 25.

The revised letter of intent contains the government's commitments to stick to certain monetary and fiscal targets as well as to implement economic reforms during the duration of the IMF's standby credit facility. The letter's approval by the IMF board is necessary for the release of the third credit tranche of 106 million special drawing rights (about \$135 million).

Fernandez confirmed that the reforms involving the sugar and coconut industries will be cited as "compliance measures" in the revised letter of intent which means that the implementation of these reforms will be "qualitative performance criteria" which the government must comply with so it could maintain the IMF's credit facility (see BUSINESS DAY Sept. 10 issue).

Fernandez explained that with regard to the institutions in the sugar and coconut industries, the IMF is insisting that there should be "clear distinction between regulatory and commercial bodies."

"It's similar to what you have in banking where you have a strict distinction between the regulatory body and the banks," he said. The CB governor was referring to the fact that members of the Monetary Board--the policy-making body of the CB--are prohibited by law from holding any position or having any interests in any bank. "The IMF prefers a regulatory group without any financial interests," Fernandez said.

This is in sharp contrast to the present system in the sugar and coconut industries where representatives of the private firms in these sectors sit on the regulatory bodies, the Philippine Sugar Commission (Philsucom) and the Philippine Coconut Authority (PCA).

BUSINESS DAY sources claimed that one of the consequences of the IMF requirement is that Philsucom chairman Roberto S. Benedicto may either have to resign or dispose of his interests in the sugar industry. While Philsucom is the regulatory body for the sugar industry. Benedicto reportedly has holdings in a number of sugar mills and plantations.

Fernandez also disclosed that the IMF wants the regulatory bodies to have "transparency," which means, according to him, that the Fund wants full public accountability of the operations of the regulatory bodies.

With regard to the government's immediate plans for the sugar industry, he also reported that the CB is drawing up a financial blueprint for the sugar industry which is expected to be finished within the month. However, he said the total financial requirements of the industry will have to be based on the expected production for the next cropping year. He explained that this will largely be determined by an expected decline in sugar exports to the US following the reduction of the Philippine sugar quota for that market.

Fernandez yesterday also explained that one of the major aspects of the structural reforms for the coconut industry the IMF is recommending calls for a "viable financial plan for the replanting program." This replanting program involves the replacement of existing coconut trees in the country with new high-yielding varieties.

With regard to the government's request to the IMF for a larger budget deficit for this year and the next, the CB governor explained that the Philippine position is that a bigger budget deficit has become necessary as a result of factors that arose due to the government's adherence to the Fund-recommended austerity program. He explained that as a result of the austerity program, both business activity and imports have declined substantially.

In yesterday's press briefing, Fernandez also reported that:

The government will seek a new loan from the World Bank amounting to roughly \$250 million to finance its restructuring programs for government financial institutions and the public corporate sector.

The \$2.5-billion balance of payments (BOP) surplus he had reported for the first six months of the year includes the BOP accounting effects of the loans that will be rescheduled, according to the agreements struck with the foreign creditor banks on May 20. Fernandez said that without this rescheduling effects, the country's BOP surplus for the first semester will come to only about \$200 million, although he cautioned that he did not have the exact figures at the moment.

CSO: 4200/3

PHILIPPINES

NEW LETTER OF INTENT SUBMITTED TO IMF

HK201045 Manila BUSINESS DAY in English 19 Sep 85 p 3

[Article by Rigoberto Tiglao and Tara Singh]

[Text] The government last night submitted to the International Monetary Fund (IMF) its revised economic stabilization program, as contained in its so-called letter of intent, which prescribes looser monetary and fiscal policies compared to what had been agreed upon with the Fund late last year.

The submission of the 61-page letter of intent was authorized by President Marcos after a marathon five-hour meeting in Malacanang with Prime Minister Cesar Virata and other top government officials. The approval of the letter of intent was rushed to meet the scheduled Sep 27 meeting of the IMF executive board on the Philippines. According to IMF procedures, the executive board takes about 10 days to study an economic program submitted to it by a member-country.

Approval by the IMF executive board of the letter of intent will allow the Philippines to draw on the Fund's third credit tranche amounting to 106 million special drawing rights (\$110 million). The release of the third IMF's tranche in turn will permit the country to draw on the second \$400-million portion of the new loan extended by the country's foreign creditor banks.

The government's submission of the letter of intent implies that the IMF management, headed by Managing Director Jacques de Larosiere, is recommending that the Fund's board approve the revised economic program and release the third credit tranche. Under IMF procedures, a letter of intent cannot be submitted unless the Fund's management approves it first.

The new economic adjustment program includes revisions in what a ranking government official referred to as the IMF's Conditions Nos. 1 and 5, or those involving limits on the budget deficit and bank credits to the national government and other public sector entities.

Virata, who is the principal signatory to the letter of intent, told BUSINESS DAY that the document prescribes a "new reflation program" designed to "stimulate business activity by easing up on monetary and fiscal measures."

"The ceilings (on reserve money which determine total credit availability in the country and on the budget deficit previously committed to the IMF) were affecting the ability of the government to spur the economic recovery program," he said.

Although Virata did not give details on the new ceilings, sources at the Central Bank said the reserve money ceiling was set at P [peso] 35.8 billion by the end of this month and at P39 billion by end-December, levels way above the current P33-billion reserve money level. With regard to the budget deficit, Virata had earlier disclosed that the government was requesting a budget deficit for this year equivalent to 1.5 percent-1.6 percent of the gross domestic product (GDP), significantly higher than the 0.9 percent ceiling the government had earlier agreed upon with the IMF.

One of the basic changes contained in the new letter of intent is "on improving tax collection, thus obviating the need for additional taxes." In the original letter of intent, the government had committed to increase corporate and sales taxes to shore up its revenues.

The government however committed to undertake major changes in tax policies and administration to increase its tax revenues. One of the changes in tax policies involves the simplification of the tax system through the replacement of a number of different taxes, including the 1 percent foreign exchange transaction tax and the 5 percent import surcharge, with a turnover tax. The rates for the turnover tax will be 10 percent for importers, 7 percent for manufacturers and producers and 3 percent for wholesalers and retailers.

According to the letter of intent, there will also be a "clarification for the taxpayer of tax rates which include 24 rates for sales taxes."

The government also told the IMF in the letter of intent that it will raise tax collections by computerizing the operations of the Bureau of Internal Revenue (BIR). This will enable the BIR to immediately identify those evading tax liabilities.

The government termed the revised economic adjustment program as a "reflation program," a term referring to Keynesian (after English economist John M. Keynes) economic policies that prescribe increases in money supply and government expenditures to expand employment and demand. This will mean a return to a counter-cyclical monetary policy, such as that pursued by the government in the last decade, which involves pump priming the economy through money creation and public expenditures.

The finalization of the letter of intent means the government has reached an agreement with the IMF management regarding the reforms to be instituted in the sugar and coconut industries. The monetary targets in the new program had been agreed upon with the IMF as early as last April. What held up the finalization of the letter of intent were government-IMF disagreements over the budget deficit and the reforms in the sugar and coconut industries, with the Fund insisting that member of the regulatory bodies in the two industries should have no private commercial interests. BUSINESS DAY sources said the

government's recent decision to set up an "interim committee," headed by Trade and Industry Minister Roberto V. Ongpin, to, in effect, supervise the private Philippine Sugar Marketing Association (Philsuma) is a move by the government to comply with the IMF recommendations.

The President said the contents of the letter of intent to the IMF will be discussed in today's 10 a.m. meeting of the Presidential Productivity Council (PPC).

Aside from the Prime Minister, among those who conferred with the President on the letter of intent were Deputy Prime Minister Jose Rono, Ongpin, Budget Minister Manuel S. Alba, Defense Minister Juan Ponce Enrile, Economic Planning Minister Vicente Valdepenas, BIR Commissioner Ruben Ancheta, Deputy Finance Minister Victor Macalincag, Bureau of Customs chief Ramon Farolan and presidential executive assistant Juan Tuvera.

CSO: 4200/3

PHILIPPINES

RICE PRICE CONTROLS TO BE LIFTED AS WORLD BANK COMMITMENT

HK191039 Manila BUSINESS DAY in English 18 Sep 85 p 3

[Article by Rigoberto D. Tiglao]

[Text] The lifting of price controls on rice by October is one of the major commitments of the government to the World Bank in exchange for the Bank's extension last year of a \$150-million "agricultural sector/inputs project loan." Since less than \$50 million of the loan facility has been availed of, the government cannot renege on its commitment to decontrol rice prices, BUSINESS DAY sources in the government said.

The other major conditions for the loan which the government has already implemented include the introduction of multi-tiered rice prices; the opening up of the rice, corn and animal feed import and export trade to private firms; and the removal of price controls on pork, eggs and other poultry products. In compliance with other loan conditions, the government is also committed to remove the differential taxes on grain imported by the National Food Authority (NFA) and private traders; adopt a phased program of import tariff reduction for poultry products; and eliminate trade and price controls on fertilizers.

The sources noted though that the government's commitments to the World Bank are not inflexible promises. For example, while the government had specifically promised--as contained in Prime Minister Cesar Virata's June 1984 letter to the Bank officially requesting the loan--to merge the Ministry of Agriculture with the NFA, no such reorganization has been carried out although there are plans to put the NFA directly under the Office of the President.

However, the government will find it difficult to negotiate the putting off of the deregulation of rice prices since this is at the core of the program agreed upon by the government with the World Bank for the restructuring of the agricultural sector. The program is premised on the view that government subsidies for agricultural commodities in the past decade have acted as disincentives to agricultural production, with the system, in effect, penalizing the rural area in favor of the urban sector.

The \$150-million agricultural inputs loan--bigger than the recently approved \$100-million agricultural fund loan (AFL)--has been largely unused for several reasons.

The September approval by the World Bank of the loan was delayed mainly because of the U.S. Government's opposition. As a result, the 1984 agricultural season had already started when it was finally granted.

The government and the World Bank also did not anticipate the impact of the economic austerity program on the utilization of the loan. With the government imposing measures to dampen the economy to contain inflation, interest rates shot up, drastically reducing the demand for agricultural inputs which the loan was intended to finance.

Uncertainties over the exchange rate in the latter part of 1984 also discouraged utilization of the loan as importers who would have utilized the dollar-denominated loans refrained from borrowing, fearing that a depreciation of the peso would make the cost of the loans too expensive. The World Bank also blamed the Central Bank [CB] bureaucracy for the low utilization of the agricultural inputs loans, pointing out that the CB staff were not able to process applications for the use of the loans, which discouraged other potential borrowers.

To speed up availments of the World Bank loan, the CB however has converted \$90 million of the loan into a peso-credit facility which would shield users from the risks involved in changes in the peso's exchange rate. About \$50 million of the World Bank loan has also been reserved for the NFA to finance soybeans importation.

CSO: 4200/3

PHILIPPINES

COLUMNIST ANALYZES CORRUPTION IN MILITARY

HK200841 Manila BUSINESS DAY in English 19 Sep 85 p 4

["Sensings" column by Nick T. Jimenez]

[Text] On the 13th anniversary of the declaration of martial law, I recall the martial law commander of a government-owned and controlled corporation. Military commanders had been assigned to every government corporation as part of the structure of the martial law regime. The first working day after the martial law proclamation, this military commander went with his three aides to the accounting department and, in a very authoritative voice, said: "I am Lt Col [blank space], your martial law commander. I have received information that some personnel of this department have been receiving kickbacks to facilitate payment of certain goods and services. The martial law government will put a stop to this... Open all the drawers in your desk..." After drawers were opened, this military commander said, "Put your hands on top of your table and keep them there." With his aides, he then strutted from desk to desk to inspect drawers one by one. The inspection that humiliated the entire accounting department yielded negative results. But it served notice that the military was now in charge even in this civilian corporation and its officers and men were ready to resort to harsh tactics to carry out their perceived duty.

The days that followed saw the military very visible in all government offices and instrumentalities. And they looked very military, too, as both officers and enlisted personnel took to wearing daily the Sam Browne belt which only officers used to wear on special occasions before martial law.

The military through nine years of martial law walked the corridors of power. They were exposed to the entire bureaucracy and were active participants in the decision-making process. They were in the mainstream of the economic, political and social life of the nation. Suddenly, their eyes were opened to the countless ways by which they could provide for themselves and their families. The effect was nothing less than a shell-shock. The military had too much, too soon and they were not prepared. They were not prepared to handle the enormous powers that the martial law regime had bestowed on them; did not know how to cope with the influence that was, all of a sudden, theirs to wield.

Like the newly rich, many of the military men did not know how and when to stop grabbing the golden opportunities that were now available to him. We went right on until one day the Filipino soldier once hailed as the soldier "second to none," found himself tarnished with unwholesome labels. The labels have stuck even with a widespread reform movement in progress within the military. There are those who say that it will take another generation to restore the military to the cherished institution it once was.

The public holds the military in low esteem today. And because of this, the combat fighting elements suffer from an exceedingly low morale. The breakdown in discipline has reached down to the individual soldier that he has gone beyond asking people to put their hands on the table.

No amount of orders and directives can now correct the sorry state of military affairs. But it will do no good at this time to pinpoint blame and accuse. Acting Chief of Staff Fidel Ramos is on the right track, carrying down the reform to the last enlisted man to instill in him what was said of the Mongol army: "In time of action, when attacking and assaulting, they are like trained wild beasts. Out after games, and in the days of peace and security, they are like sheep, yielding milk, and wool, and many other useful things. In misfortune and adversity, they are free from dissensions and opposition..."

CSO: 4200/3

PHILIPPINES

JAPANESE EMBASSY OFFICIAL ON OECF AID

HK220628 Manila BUSINESS DAY in English 20 Sep 85 p 2

[Text] Approval of the next aid credit from the Overseas Economic Cooperation Fund (OECF) of Japan to the Philippines is without any "conditionality," the Japanese Embassy's No. 2 man said yesterday.

Asked in a press briefing whether the 13th yen credit package from the OECF will await the disbursement of the entire amount of the commodity loan extended by Japan last year under the 12th annual package, embassy minister Masaaki Kuniyaso said the latter is not a condition for the former.

The 13th credit request from the Philippine Government includes about \$200 million in new commodity loans. The Japanese have been expressing concern over the slow drawing by Filipino businessmen from the import financing fund.

Despite certain measures that have been adopted by the Central Bank, on the urging of the OECF, to liberalize the terms of availment of the commodity loans and to expand the list of imports eligible for the financing, the embassy said only 34 percent of the Y35.2-billion (\$146 million) credit has been disbursed to importers as of last month.

Meanwhile, the negotiations between the two governments for the restructuring of Japanese aid loans to the Philippines have remained stalled over a private Philippine company's debt which has not been paid. The firm and the CB are locked in a dispute over what peso-dollar exchange rate to use in computing the amount of payment to be made.

The signing of the 13th yen credit agreement between the Philippines and the OECF has been overdue for some time. The past credit packages were approved generally not later than July.

The Japanese Embassy official in charge of the economic section Takashi Kuezuka told BUSINESS DAY it is "not possible" for the negotiations on the 13th yen credit agreement to be extended beyond the end of this year.

CSO: 4200/3

PHILIPPINES

PROTESTANT SAYS CIA, OTHERS IN CAMPAIGN AGAINST CHURCH

HK220800 Manila BUSINESS DAY in English 20 Sep 85 p 12

[Text] The government is encouraging the "conservative mainstream" of the Catholic Church "to stress the spiritual mission and overwhelm the radicals in policy-making bodies and social action projects," a Protestant minister claimed yesterday.

Rev. Elias Allar, speaking in a forum on "U.S. Intervention and the Nationalist Response," said a "campaign of repression" against the Church is directed from five fronts, namely, the Marcos government, the Central Intelligence Agency via its front organizations, some bishops and rank-and-file keen on preserving the Church and the status quo, combined forces of anti-communist bishops and social democrats and the Vatican.

The forum was held at the National Press Club and sponsored by the Nationalist Alliance for Justice, Freedom and Democracy.

Allar cited examples of "intensified repression" such as raids on Church offices and killing of Church workers. In addition, he said the government has asked for a review of the Basic Christian Community [BCC] program of the Catholic Church and has suggested a "joint program" with the BCC in the fight against communism and Marxism.

Allar said the government is encouraging the exchange of information between religious institutions and government agencies on social action projects to link these to the government socioeconomic program.

The creation of a composite council to serve as an advisory and sounding board for important policy issues and as a source of support for the government is another step in that direction, he said.

"Such schemes hide under the euphemism of continuing dialog, partnership and cooperation; this is what lies behind the invitation of Church leaders to take part in government-set organizations like the Church military liaison committee," the pastor explained.

He also cited the visit of American evangelist Jerry Falwell, who advocated the retention of the status quo, as a move of a CIA front organization.

Falwell said the U.S. should strengthen its ties with the Philippines and that if the insurgency becomes so threatening he would support the sending of U.S. troops.

On American intervention in the labor movement, Rolando Otaia, Kilusang Mayo Uno [KMU] chairman, said the U.S. is pumping in money to several labor groups to stop the growth of the militant labor movement.

Otaia referred to the SAN FRANCISCO EXAMINER report which said that the Trade Union Congress of the Philippines received aid from the Asian-American Free Labor Institute aside from a grant from the Washington-based National Endowment for Democracy, placed at \$3 million a year.

The TUCP spent the money, the EXAMINER said, to support TUCP candidates in union elections against the KMU and to embark on socioeconomic programs.

CSO: 4200/3

PHILIPPINES

FOOD AUTHORITY USES CORPORATE FUNDS FOR RICE PROGRAM

HK070558 Manila METRO MANILA TIMES in English 3 Oct 85 pp 11, 12

[Text] The National Food Authority (NFA) had dipped its fingers into its corporate funds to sustain its palay-buying operations because of a delay in the release of some p [peso) 800 million from the national government.

NFA Administrator Jesus Tanchanco yesterday said the agency has decided to use P600 million of its own funds with the assurance by budget officials that these would be reimbursed later.

The NFA has to buy increased volumes of palay to avert a price drop which may prove detrimental to farmers.

Tanchanco added that the agency would need more than P1.8 billion for its palay-buying program if palay harvests exceed the project 69.6 million cavans.

Earlier, Food and Agriculture Minister Salvador Escudero III had asked Prime Minister Cesar Virata to release P1.8 billion for the NFA to enable it to prop up palay prices when harvests peak next month.

But Tanchanco said NFA would need P2 billion more to buy palay and give farmers reasonable returns.

The NFA pays farmers the support price of P3.50 a kilo, but traders buy palay at market prices, which are 40 to 50 centavos below the NFA support price.

Tanchanco said with enough funds, the NFA could shore up palay prices and stock up volumes for balancing supply and prices of the staple grain.

The NFA buys 20,000 bags of palay daily. This is projected to reach 40,000 bags daily when harvests peak late next month.

While it is buying more volumes of palay, the NFA reduced the amount of rice it unloads in the market to 2,000 metric tons daily. The move will leave market price determination largely to the amount of available commercial rice stocks.

The bulk of NFA rice stocks will be unloaded only when prices rise precipitously or in times of shortage.

The ceiling price for NFA rice stocks remains at P6.20 a kilo.

PHILIPPINES

PUBLIC INFORMATION STRATEGY TRIED IN SOUTH COTABATO

HK040409 Davao City THE MINDANAO DAILY MIRROR in English 15 Sep 85 p 7

[Text] Koronadal, South Cotabato--There's a unique public information strategy in six pilot barangays in this southernmost province of southeastern Mindanao.

Launched about five years ago by the national media production center (NMPC), it is called Pahayagan Sa Barangay [Barangay Newspaper] (PSB).

PSB, according to Florencio A. Ranido, NMPC regional communication officer (RCO), is one of the strategies of their community organization program (COP).

Sometimes called "Peryodikit" [newspaper information kit], the communication and information approach has been superbly performing well for neighboring (Purok) [district] folk in the barangays where NMPC-inspired reading centers are established.

This strategy will only be viable after the barangay has been diagnosed and organized through leadership training among barangay and purok potential leaders.

Pahayagan Sa Barangay, according to Primo M. Oyan, NMPC provincial development communication officer (PDCO) and implementor of COP, is one major source of national, regional and locals news and features.

Purok editorial staff, working hand-in-hand with senior purok officers, run the PSB center. Even various representatives of religious sects in the area paste their pieces of news including some important parts of the bibles for the benefit of their brothers and sisters who happen to be among the purok members.

In some less affluent purok, members of the editorial staff of PSB, utilized back spaces of cigarette cartons to write on their pieces of information. They change stale news every 10 or 15 days.

As seen by the Philippines News Agency (PNA) in a recent on-the-spot coverage, the pilot barangays implementing PSB as a pivotal venue of understanding and

unity among the village people are Cinco, Banga; San Felipe, Tantangan; Polonuling, Crossing Rubber and Palian, Tupi; and Namnama, Koronadal.

Aside from the main PSB centers, there are also about 30 sub-PSB centers in those six barangays built through Bayanihan [cooperative effort] way by the people themselves.

Cinco and Polonuling, being big barangays, have 13 and 12 sub-PSB centers, respectively.

Sensing that federating the six barangays of their COP adaptation, Oyan effected the federation of community organization program beneficiaries (FCOPB) in the province in mid-1983 "in order to tap available 'conscientized' [Philippine term meaning having a conscience--FBIS] manpower for any communication-information dissemination program the office may embark." [sentence as published]

Oyan, the most bemedalled COP implementor, was not wrong after all when he suggested for federating COP areas in his province on June 23, 1983 at Barangay Cinco, Banga.

When Ranido inspected recently the areas covered by the program, he found out that the people, especially the barangay officials, school teachers and the purok leaders and members are now self-reliant and cooperative for their common endeavor to be united in one common goal: to have peace and prosperity through wide-ranging public information.

Ranido said he will pull out Oyan as soon as the pilot COP areas are already fully self-reliant to continue their various community programs for development.

Oyan, according to Ranido, maybe needed to implement similar strategy of the COP in other municipalities of South Cotabato or other provinces in southeastern Mindanao which may avail of similar services.

According to Ranido, the NMPC region eleven only implemented two of the 12 COP strategies. The other one which is also getting acceptance in Surigao del Sur is "Kantahan Sa Barangay" [barangay songfest], where messages of development and public information are done through songs and compositions by the local folk.

CSO: 4200/38

PHILIPPINES

BRIEFS

REHABILITATION PROGRAM GAINS--A newly established rehabilitation program for dissidents is beginning to draw NPA's to give up. More than 200 dissidents have taken advantage of the program. Acting Armed Forces Chief Fidel Ramos said the program ensures a livelihood for dissidents who give up. [Begin Ramos recording] There will be assistance in terms of relief assistance, the giving of opportunities for livelihood and [words indistinct], securities and [words indistinct]. Those still in the movement as well as the [words indistinct] intelligence information [words indistinct] and the recall of firearms. [end recording] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 14 Sep 85 HK]

MARCOS MEETS USSR VETERANS--A visiting delegation of Soviet war veterans is scheduled to call on President Marcos on Saturday at Malacanang. The 3-man delegation is headed by Lieutenant General [name indistinct], a bemedalled veteran of the 2nd world war. The group is in the country for a 5-day official visit upon the invitation of the Filipino Veterans' Federation. The Soviet veterans will hold a meeting with their Filipino counterparts here. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 18 Sep 85 HK]

COMMUNIST STRIKE LINKS--The military yesterday [18 September] branded the scheduled welga ng bayan [national strike] aimed at pressuring government officials to step down as part of the communists' nationwide plan to create disorder. Brigadier General Renato Ecarme, chief of the Cebu Regional Command and the PC-INP [Philippine Constabulary-Integrated National Police] Regional Command, said the plan includes a simultaneous counter-offensive in the countryside. The Bagong Alyansang Makabayan [New Nationalist Alliance] in Cebu, on the other hand, said the 4-day mass action to dramatize its demands had been scheduled yesterday afternoon with a march-rally in Cebu City. The public utilities operators' group in Cebu earlier announced that it will not participate in a massive transport strike as part of the welga. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 18 Sep 85 HK]

MANILA UNIVERSITY CLASH--Thirty six persons, including 2 newsmen, were hurt when striking students clashed with security guards inside the Feati [Far Eastern Technical Institute] University in Manila. Nine of those hurt were identified as Elmer Engano, Feliciano Sanchez, Philip Bamba and a certain

John-John, Manny and Al, all Feati University students; Alfredo Amigo, a security guard; Eric de Castro of Reuters news agency and Nick Sagmit of the tabloid Tempo. They were all taken to the Philippine General Hospital for treatment of cuts and bruises. Sagmit also lost his camera during the clash. Authorities said violence first broke out at about 10.30 a.m. when security guards confronted some 100 striking students who formed barricades at the university's entrance. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 18 Sep 85 HK]

PESO'S PURCHASING POWER FALLS--The purchasing power of the peso compared with its yearago level declined further in August, according to BUSINESS DAY computations based on the consumer price index (CPI) data released by the National Census and Statistics Office (NCSO). The peso's purchasing power, using 1978 as the base year, stood at P0.2801 in August down 13.68 percent from the P0.3245 posted in the same month a year ago. The August figure showed that a consumer could only purchase P0.2801 worth of goods and services with a peso, almost three-fourths less than what he could buy with his P1 in 1978. The purchasing power of the peso measures the volume of goods and services, usually bought by an average household, a peso can purchase at any period relative to the corresponding volume during the base year. It can be computed as the reciprocal of the CPI expressed in percentage units. The continuous drop in the peso's purchasing power was the result of the increase in prices of goods and services reflected in the upward movement of the CPI. As of August this year, the CPI level was recorded at 357 index points, up 15.83 percent from 308.2 index points in August 1984. [Text] [Manila BUSINESS DAY in English 19 Sep 85 p 2 HK]

TWO NPA REBELS KILLED--Constabulary operatives have killed two NPA rebels in an encounter along [name indistinct] Street in Daet, Camarines Norte. Jun Francisco reports: [Begin recording] Initial reports received at Camp Aguinaldo today said Colonel Norberto Lina, Camarines Norte PC [Philippine Constabulary] provincial commander, identified the slain dissidents as (Melton Tadao), alias (Pogi), and Jaime (Roda), alias (Abel). A third suspect, identified as (Apoy Rada), [words indistinct] a gunbattle between elements of 232d PC Company and the eight-man sparrow unit. One soldier was wounded in the shootout. He was identified by Col Lina as Sergeant Miguel (Daez). Recovered from the slain terrorists were two .45-caliber pistols, a [words indistinct], bullets, and an ice pick. [end recording] [Text] [Quezon City Maharlika Broadcasting System in English 1100 GMT 18 Sep 85 HK]

FURTHER DROP IN INFLATION EXPECTED--Trade Minister Roberto Ongpin says the inflation level will go down to a single digit by the end of the year. Ongpin said such a reduction would be well below the government forecast of 10 to 15 percent inflation rate. The trade minister said the elements are in place for the economic situation to normalize. [Ongpin recording indistinct] In yesterday's meeting of the Presidential Productivity Council, President Marcos took note of the need to bring down inflation by reducing the budget deficit. He said the Philippines and the IMF both agree on the need to cut the deficit. [Marcos recording indistinct] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 20 Sep 85 HK]

QUEZON POLICE STATION RAID--Thirty dissidents this morning raided the Sariaya police station in Quezon and fled with 10 firearms and 2 radio sets. Regional Unified Command Commander Andres Ramos said the terrorists struck at a time when most of the policemen were overseeing a rally near the town of [name indistinct]. Ramos said the terrorists, dressed in fatigue uniforms, told the few policemen manning the station that they were turning over two captured prisoners, but as soon as they entered the station they held the policemen at bay. A massive military operation has been launched to track down the terrorists. [Text] [Quezon City Maharlika Broadcasting System in English 0900 GMT 23 Sep 85 HK]

RAMOS INVITED TO VESSEY'S RETIREMENT--Acting Armed Forces Chief Fidel Ramos is being invited to attend U.S. military program in Maryland on Monday. The program will honor General John Vessey on his retirement as chief of the U.S. Joint Chiefs of Staff. His successor is Admiral David Crowe, commander of all U.S. forces in the Pacific who has frequently visited the Philippines. The ceremonies to which Ramos was invited will be held at the Andrews Air Base in Maryland. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 25 Sep 85 HK]

CPP PLANS UNCOVERED--The military has uncovered plans of the Communist Party of the Philippines [CPP] to speed up its so-called revolutionary mass movement as it gears up for a strategic offensive in the latter part of the 1980s. Captured Communist Party documents say that the CPP, including its military arm, the New People's Army is developing Mountain Province as the tactical center of gravity for northern Luzon. Brigadier General Tomas Manlongat, Cagayan Valley PC [Philippine Constabulary] commander, made this revelation during a meeting with Defense Minister Juan Ponce Enrile during a joint regional and provincial peace-and-order council meeting. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 19 Sep 85 HK]

PROBE OF NEGROS RALLY DEATHS--President Marcos yesterday [23 September] ordered Acting Armed Forces Chief of Staff Lieutenant General Fidel Ramos to send a medical-legal team to Escalante town in Negros Occidental. The team will determine whether there is truth in the report that many of the casualties in the antigovernment rally were shot while lying down. At least 16 people were killed when the military were forced to fire when a shot was heard coming from the ranks of the crowd as the demonstrators walked towards the town hall throwing stones and home-made bombs. A total of 16 anti-government protesters were killed when military men fired at the crowd demonstrating in front of the Escalante town hall. Officials said the soldiers shot at the crowd after gunfire was heard coming from the demonstrators' side. Meanwhile police have arrested the leader of the violence-marred demonstration in Escalante. This was disclosed yesterday by the chief of the Armed Forces of the Philippines Civil Relations Service, Brigadier General Edgardo Ermita. He identified the leader as Rolando Fonseca. Gen. Ermita said Fonseca is being held responsible for the violent mass action. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 23 Sep 85 HK]

COMMUNIST SETBACKS CITED--Defense Minister Juan Ponce Enrile yesterday [24 September] said the communist movement in the country has continued to suffer reverses over the recent months, both on the political and military fronts. Enrile made this disclosure in a speech before the Philippine Constructors' Association in Makati. In the political field, the Communist Party of the Philippines [CPP] has suffered setbacks in their objective to build up their so-called united front because of the refusal of moderate, cause-oriented groups to support mass actions sponsored by the local communists. Enrile said that the so-called welgang bayan [national strike], a CPP-initiated mass action intended to destabilize the government, is now becoming a fragmented effort. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 24 Sep 85 HK]

CALL FOR NATIONAL UNITY RENEWED--President Marcos renewed the call for national unity and reconciliation, and elicited the support of outgoing Belgian Ambassador Gaston Jenebelly who expressed the hope that such a call would not remain unanswered. Ambassador Jenebelly told the president during ceremonies in Malacanang that he feels confident that the appeal for the restoration of national unity in the spirit of fraternal reconciliation will not remain unanswered. The outgoing Belgian envoy was conferred the order of Sikatuna, rank of Datu, for distinguished service as his country's diplomatic and cultural representative in the Philippines. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 24 Sep 85 HK]

CAMPAIGN AGAINST U.S. INTERVENTION--A campaign to gather one million signatures to demand a stop to U.S. "interventionist activities" in the country will be launched tomorrow by the Nationalist Alliance for Justice, Freedom and Democracy (NAJFD). In a day-long conference on "U.S. intervention and the nationalist response," a manifesto to be based on nationwide reports on American intervention in the military, labor, church and the protest movement will be drafted and signed. The conference is sponsored by NAJFD and will be held at the Bulwagang Plaridel [Plaridel Hall] of the National Press Club. [Text] [Manila BUSINESS DAY in English 18 Sep 85 p 23 HK]

WORLD BANK LOANS FOR FERTILIZER--The country's fertilizer imports up to 1987 will be covered by the \$115 million unused portion of the \$150 million agricultural (input) loan from the World Bank. Government sources said part of the amount represents \$40 million from the balance of the \$75 million first tranche of the loan. Of the unused amount in the first tranche, \$25 million is supposed to have been used by the NFA [National Food Authority] for (crop) imports. However, these imports have other alternative sources of financing. The second tranche of the (input) loan of \$75 million has similarly been (matured) to cover the remaining fertilizer imports until 1987. [Text] [Quezon City Maharlika Broadcasting System in English 1000 GMT 4 Oct 85 HK]

CSO: 4200/38

SINGAPORE

OPPOSITION MP, PARTY CHAIRMAN GIVEN 3-MONTH JAIL TERMS

HK250646 Hong Kong AFP in English 0614 GMT 25 Sep 85

[Text] Singapore, 25 Sep (AFP)--Leading Opposition M.P. Benjamin Jeyaretnam, and Wong Hong Toy, chairman of his bankrupt Workers' Party were today each given 3-month jail terms after a district court found them guilty of making a false declaration on party finances.

The sentence, following a retrial of the charge against them which a district court set aside late in 1983, will not affect Mr Jeyaretnam's Parliamentary seat. An MP loses his seat if jailed for 1 year or fined 2,000 dollars (950 U.S.).

A British-educated lawyer and a former district judge here, Mr Jeyaretnam won the seat in an October 1981 byelection to become the first opposition MP since Singapore's independence in 1965. He was reelected from the same anson seat in 1984.

Mr Jeyaretnam and Mr Wong, who had earlier unsuccessfully asked to have the case tried by the high court, today refused to enter a defence after the prosecution ended its submission. They have served notice of appeal of the sentence passed on them today and were released on bail of 10,000 dollars (4,760 U.S.).

According to the prosecution, Mr Jeyaretnam, as secretary-general of the Workers' Party, had along with Mr Wong filed a declaration on the financial state of the party to the official receiver leaving out three donations totalling 2,600 dollars (1,240 U.S.) in 1982 after the party went under receivership.

The party was made bankrupt on the appeal of a former government member of Parliament, Tay Boon Too, who sought court-awarded costs and damages from the party, which had failed to win a defamation case against him several years earlier. Under receivership, all party funds should be used first to pay off creditors.

CSO: 4200/10

SINGAPORE

MOVES MADE TO CREATE COMBAT HELICOPTER FORCE

HK300904 Hong Kong AFP in English 0816 GMT 30 Sep 85

[Article by John Thomas]

[Text] Singapore, 30 Sep (AFP)--Singapore, already boasting non-communist Southeast Asia's strongest warplane force, has now taken the first step to creating a combat-capable helicopter fleet by acquiring big Super Pumas from France.

Military sources said more than half a dozen Super Puma AS332 helicopters, had arrived here in the past few months and the rest of a total order of 22 Pumas and spares were expected next year.

The helicopters are estimated to cost between five and six million U.S. dollars each.

The sources said the Super Pumas, which will serve as troop carriers and search and rescue aircraft, were also capable of taking air-to-surface missiles and depth charges. These could be effectively used in anti-submarine warfare--an area vital to this tiny island guarding the Malacca Strait.

France has been unsuccessful in persuading Singapore to buy its AM38 Exocet naval missiles which neighboring countries have acquired, the sources said. Paris is now trying to push the airborne version of the Exocet, AM39, to go with the Super Pumas, they said.

But Singapore was toying with various weaponry options and even more advanced combat helicopters, in the same spirit with which it chose Israeli Gabriel missiles for the navy or later the Super Puma over those from the American Hughes and Sikorsky, they added.

Defense experts said the Super Puma purchase would further enhance the capability of the yet to be battle-tested Singapore Air Force whose strike force was in theory superior to any other non-communist regional countries.

Singapore has more than 180 combat aircraft, nearly two-thirds of them the McDonnell Douglas A4 Skyhawks. Its best attack planes are the American F5's.

The purchase of the AS332's followed an order three years earlier for six Ecureuil 2 (Twinstar) helicopters also from the French company Aerospatiale, which set up an assembly/maintenance and marketing venture with the Singapore Defense Ministry. The acquisition was itself a shift, the sources said.

Singapore's helicopter force, numbering fewer than 50 and used mainly in army back-up roles like paratropping and for rescue at sea, had been almost entirely made up of the U.S. Bell helicopter company's UH 1B and the slightly larger UH 1H.

But the tie-up with the French manufacturer, upgraded in 1982, influenced Singapore's Super Puma deal, defense analysts here said. They added that France had the same edge over others when it came to the AM39 missiles and possibly the Dauphin 2N combat helicopters which Aerospatiale was trying to sell.

They were, however, divided on whether the bad patch in Singapore's economy, which has been a 1.4 percent contraction in the first half-year, would have a bearing on plans although the defense policy outlined this year stressed further absorption of military hardware and troop preparedness.

"We must become a capital- and skill-intensive armed force, not a manpower-intensive one. We must exploit high technology to the full. The Singapore Armed Forces will have to assimilate each individual piece of technology, like the E-2C's, and fit them all together into a potent winning combination," the policy statement said.

Singapore has committed itself to two huge aircraft orders. One, worth more than 600 million dollars, is for four Grumman E-2C Hawkeye early warning radar surveillance planes.

The second is for eight General Dynamics F-16/100 Falcon fighter aircraft with option on 12 more of these advanced planes, each costing 12.6 million dollars excluding spares, ground equipment and training.

Both these orders are expected to start delivery in the next two years. Other large purchases which have started arriving are those of 30 Italian S211 Siai Marchetti trainer planes and 200 American Maverick air-to-surface missiles for the fighter planes.

The next major meeting of defense hardware manufacturers here when some revised offers are expected, is next January during the Asian Aerospace exhibition.

It was after the last exhibition when Aerospatiale, Sikorsky, Hughes and Britain's Westland were fiercely touting their helicopters that Singapore placed the order for the Super Pumas.

CSO: 4200/19

SINGAPORE

MINISTER DISCUSSES ECONOMIC QUESTIONS

HK300658 Hong Kong AFP in English 0528 GMT 30 Sep 85

[Text] Singapore, 30 Sep (AFP)--The Singapore Government has no plan to lower corporate taxes or allow a tax exemption on income earned abroad for the moment, despite the economic difficulties, a government minister has said.

Brig Gen Lee Hsien Loong, the minister of state for trade and industry, said however, that these issues may be considered in the long run.

He said any reduction in corporate taxes would have to be made up for elsewhere, for instance, through a sales tax. But such a tax would involve a lot of administrative overheads and might not be good for the tourist trade, he said.

"We must consider the implications. If we can sort it out, then over a period of time we will do it in steps", Brig Gen Lee, elder son of Prime Minister Lee Kuan Yew, told a televised forum on current economic issues here last night.

Investors in the republic had several times in the past urged the authorities for a "more sympathetic consideration" on the tax issue. They maintained that a sizeable reduction would go a long way to help stimulate the island's ailing economy.

Brig Gen Lee also said that corporate taxes accounted for a "big chunk" of the government's income and a reduction of 10 percent from the present 40 percent would cost the treasury about 600 million Singapore dollars (US\$283 million).

"If you just reduce taxes without reducing expenditure or without compensating with other new taxes, then we may end up like the Americans--chronic deficit every year, always spending more than you earn and causing grave problems," he said.

The minister said there would be no loss for exempting income earned abroad from taxation because people "are already making money overseas and keeping the money overseas."

He said a "generous implementation" of tax exemption was also difficult as it would make other countries unhappy.

He said Singapore would also not like to be labeled as a "tax haven" like Cayman Islands "where all the crooks put their money because no questions were asked".

Singapore would better follow Switzerland which has some schemes for certain holding companies to set up and receive foreign incomes, he said, adding, "and nobody suspects the Swiss of being like the Cayman Islands".

"So we want to find some way to do it so that we can become Switzerland, have the benefit, but we don't want the bad name," Brig Gen Lee concluded.

CSO: 4200/19

THAILAND

DAILY VIEWS U.S. DISCRIMINATION AGAINST 'EQUAL'

BK251316 Bangkok MATICHON in Thai 24 Sep 85 p 5

[Article by Suthep Atthakon: "U.S. Discrimination Is a Measure of the United States as an Ally"]

[Text] The Jenkins Bill will probably remain a topic of discussion for a long time because its discrimination against Thai textiles and apparel will have strong negative effects on Thailand.

Some people may feel that the U.S. Congress' enactment of the Jenkins Bill is an internal affair of the United States and, therefore, Thailand should not meddle because this would constitute interference in U.S. sovereignty and internal affairs--just as Thailand would not want other countries to meddle with its own enactment of laws. However, this shows a lack of understanding of what constitutes internal or external affairs.

If the United States wanted to enact a law setting a freeway speed limit of 55 miles per hour and Thailand campaigned against it, that would clearly be a case of interference in U.S. internal affairs. Or, if China wanted to enact a law forcing Chinese families to have no more than two children and the United States opposed it, that would also be interference in Chinese internal affairs. Or, if Thailand wanted to amend a land reform law and encountered opposition from abroad, the opposing countries would be interfering in Thailand's internal affairs, and their action would be undesirable. However, the Jenkins Bill discriminates against other countries. Thus it concerns other countries and is not just an internal affair of the United States. Several countries are complaining about the bill, not just Thailand.

If a country discriminates against another, even if it does not violate international law, it is regarded in international political circles as undertaking an unfriendly, inconsiderate, and unfair act toward the victimized country, particularly if its action causes the one country and no others to suffer difficulties and damages. Examples of discriminating measures include strict tariff regulations, increased import tariff, limits on quantity of products and the enactment of laws. These measures are then implemented against certain countries only, not others. This is what international law and international politics term unfriendly, inconsiderate, and unfair

treatment. In practice, a country takes such measures against another only as retaliation against the latter's unfriendly action toward it.

It is clear that the Jenkins Bill discriminates. While Thailand and some countries feel the direct impact of the bill, the bill exempts Canada, Latin America, and possibly EEC countries and Hong Kong (according to the statement of a U.S. congressman who visited Hong Kong recently). The group of U.S. congressmen who visited Thailand spoke in vague language, only placating and sympathizing with Thailand. We can see clearly the difference between the bargaining power of Thailand and that of Hong Kong in this case.

Because the Jenkins Bill discriminates against a friendly state that should be treated as an equal, Thailand is thus regarded as a 2d-class friend of the United States. Discrimination through trade protectionism or discriminating law is normally imposed only against an unfriendly state to teach it a lesson. What has Thailand done to the United States that is unfriendly? Is Thailand's value as a friend of the United States so much lower than that of Canada, Latin America, EEC countries, and even Hong Kong, that Thailand should be grouped among countries the United States discriminates against?

International law clearly states that a state may treat another in an unfriendly, inconsiderate, and unfair manner in order to retaliate against the latter's action against it, using the measures already mentioned. What has Thailand done to the United States that causes damages warranting retaliation? In international principle, friendly countries with good bilateral relations would seek effective cooperation and avoid discriminating against each other. They would treat each other as equals and in a friendly and considerate manner. But now we can see clearly that this principle of equality among states is virtually impossible to achieve. It appears impossible for small and large countries, underdeveloped and developed countries, poverty stricken and wealthy countries, and underpowered and superpower countries to treat each other as equals. We will see whether this is the way it has to be.

The U.S. discrimination against Thailand is an indication of the U.S. assessment of what level of friendship the United States wants with Thailand. In any event, to be a good friend one does not have always to be on his knees. Again, we will see whether this is the way it has to be.

CSO: 4207/5

THAILAND

WARRANT OUT FOR ARREST OF FORMER STUDENT LEADER

BK080634 Bangkok BANGKOK WORLD in English 8 Oct 85 p 1

/Text/ Police investigators have issued a warrant for the arrest of former student leader Sombat Thamrongthanyawong in connection with the 9 September failed coup, a highly-placed police officer said this morning.

In his early 30's, Sombat is wanted on a rebellion charge and becomes the 50th suspect.

A total of 39 have been arrested since the abortive takeover 4 weeks ago.

According to the officer, the warrant, dated 4 October, accuses Sombat of coordinating with others to stage a rebellion against the government between 4 am and 4 pm on 9 September.

Special Branch Police Commander Pol Maj-Gen Kasem Saengmit confirmed to the WORLD today that police responsible for the coup probe had issued the warrant.

"Special Branch Police are cooperating with coup investigators in hunting for Sombat," Pol Maj-Gen Kasem said.

"We received it (the warrant) several days ago," Pol Maj-Gen Kamsem added.

A source in the police investigating team told the WORLD that Sombat had allegedly met several persons, including former army men and labor activities, on a number of occasions in what they claimed was a plot to plan the coup.

On the day of the coup, police investigators said they had established that Sombat had met with key labor activists in a hotel room, which they alleged was used as the "coordinating headquarters," in the coup attempt, the source added.

All other suspects involved have already been arrested, the source said.

Sombat was formerly secretary general of the now-defunct National Students Center of Thailand (NSCT) that led the popular uprising on 15 October 1973 against military rule.

Sources said the Kasetsart University graduate later tried unsuccessfully to enter politics and eventually went to further his students abroad.

THAILAND

OFFICIAL ON COUP; ARMY RADIO CANCELS SHOW

BK060151 Bangkok THE NATION in English 6 Oct 85 p 1

/Text/ Former deputy supreme commander Gen Bunrit Thanthranon said yesterday that he narrowly escaped being arrested by rebel troops on 9 September and reported to the government later that morning.

General Bunrit told THE NATION that he came to work as usual at Supreme Command headquarters at about 8 am on Monday, 9 September, but he found the place under control of a group of heavily armed soldiers.

He said he sneaked away from his office before the rebel troops knocked on the door. He managed to reach his car in the parking lodge and ordered his driver to drive to the 11th Infantry Regiment headquarters in Bang Khen after learning from the car radio that the government forces had set up the command post there.

The general was seen at the regiment headquarters at about 9 am.

Bunrit and the other two deputy supreme commanders, ACM /Air Chief Marshal/ Arun Phromthep and Adm Supha Khotchaseni, arrived at the Supreme Command headquarters at Sanam Suapa on the morning of 9 September. However, both General Bunrit and Admiral Supha later reported to the Internal Peacekeeping Command while ACM Arun remained at Sanam Suapa until the coup was /word indistinct/ that afternoon.

ACM Arun is being held on a sedition charge so the military prison of the First Army Circle in Dusit District.

According to General Bunrit, he was a bit confused when he was in his office that day because he was not aware of the coup plot.

"A coup d'etat is definitely not the answer to the problems facing the country. Democratic-minded soldiers should defend the Constitution and the parliamentary system," the retired general said.

Meanwhile, the morning news program hosted by famous TV anchorman Dr Somkiat Onwimon has been banned by the First Army Division radio station, said a station official yesterday.

The ban came about a week after Dr Somkiat commented on a piece of news believed to be clipped from a Thai-language newspaper assailing an active senior military officer for his alleged involvement in the 9 September abortive coup, the official who asked to remain unidentified said.

The official said that he was on duty that morning and recalled that the anchorman briefly commented on the news without reading its full text on the air.

According to the regulations of the radio station, an announcer is prohibited from mentioning the name of a person if it might cause him or her disgrace.

Meanwhile, Dr Simkiat said that he had not been officially notified of the removal of his news program. "I will continue to prepare tomorrow's (Sunday morning) script. But if it is true, I might receive the official notification on Monday," he said.

He said the program was sponsored by companies in the Siam Cement Group and added that he was paid 15,000 baht monthly to host the program. Somkiat said he would consider moving his morning news program to another radio station if the First Army Division radio station withdraws it.

CSO: 4200/52

THAILAND

OFFICIAL ON SURRENDER OF MORE 'COMMUNIST TERRORISTS'

BK251526 Bangkok Domestic Service in Thai 1300 GMT 23 Sep 85

[Excerpt] The current suppression operations by the 4th Army Region and the internal security operation command area 4 have been very successful. Many leaders of the communist terrorists in the southern region have been arrested or have surrendered to the government. In this connection, Colonel Wira Prasopchok, chief of the civilian affairs section of the 4th Army Region, today granted an interview with a Radio Thailand correspondent as follows:

[Begin Wira recording] The remaining terrorists are very weak. They are unable to expand their operational areas. They depend on their relatives, friends, and influential businessmen for their livelihood while acting like ordinary bandits causing trouble to innocent inhabitants as well as travelers in the area. Their mass mobilization work has failed. They are living under pressure imposed by the military, police, and civilian authorities. As a result, more terrorists have surrendered to government authority.

During the period under review, Prasit Lakphet, alias Yong or Chon, and his wife surrendered to authorities. Prasit is member of the committee in charge of the operations in the four provinces in the central part of the southern region.

Another communist leader who was arrested this time is [word indistinct] Wongsawat, alias Phaning, who is in charge of the economic affairs of the terrorists in Si Chon District. [end recording]

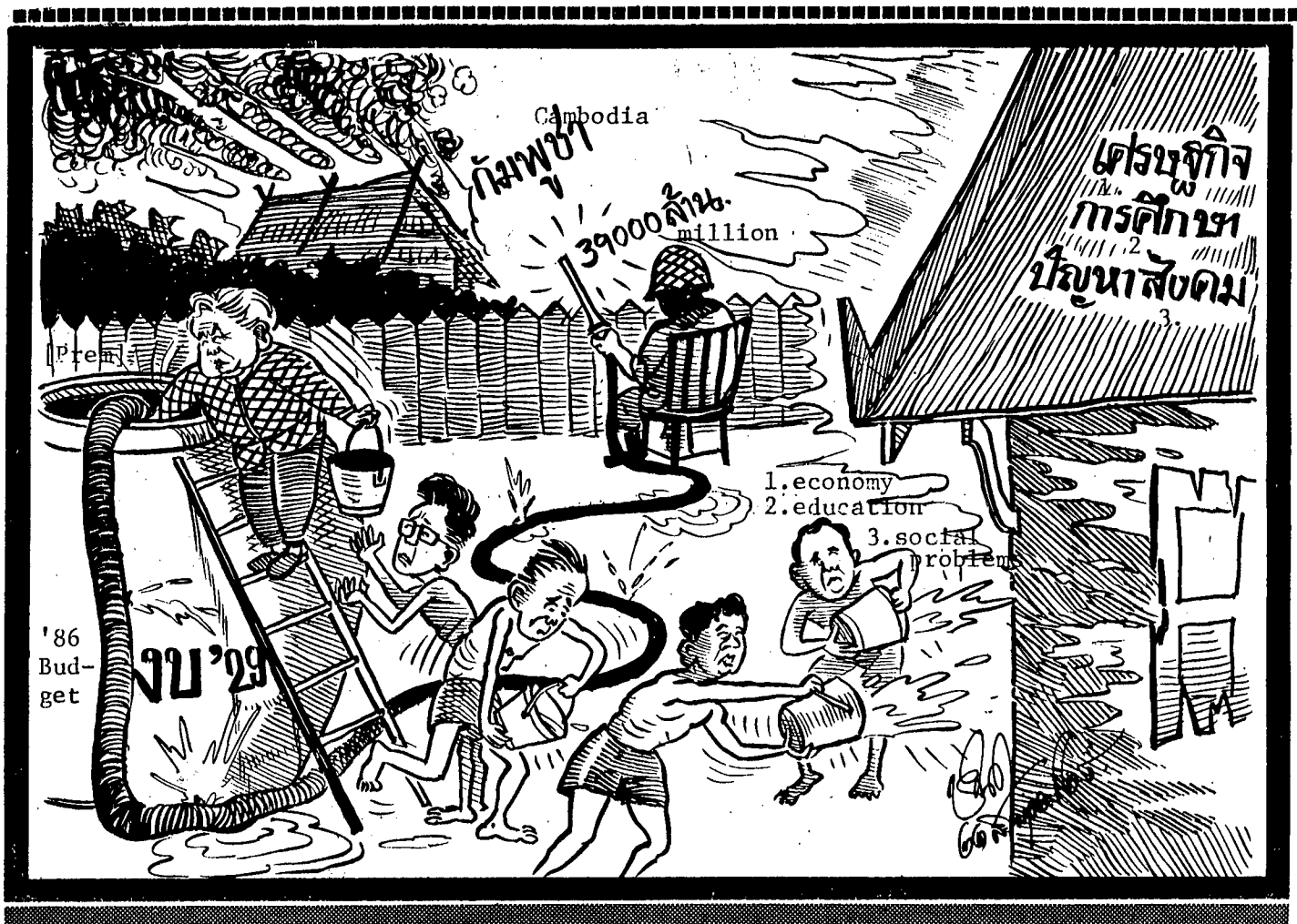
CSO: 4207/5

THAILAND

CARTOON ON CAMBODIA POLICY, DOMESTIC PRIORITIES

Bangkok BAN MUANG in Thai 23 Aug 85 p 4

[Cartoon]



CSO: 4207/16

THAILAND

ARMY OFFICIAL ON CAMBODIAN BORDER SITUATION

BK230240 Bangkok Domestic Service in Thai 1300 GMT 21 Sep 85

[Text] Army Secretary Major General Narudon Detpradiyut briefed reporters at Supreme Command Headquarters this morning on the situation at the Thai-Cambodian border over the past month. He said that, during the past month, Democratic Kampuchea had tried to solve the Cambodian problem through political means by replacing its military leader, Pol Pot, with Son Sen. Vietnam, however, issued a statement that the replacement of the military leader could not be a condition for opening negotiations between Vietnam and Democratic Kampuchea. This shows that Vietnam does not need peace in this region. At the same time, Vietnam tried to lobby for support at the upcoming UN General Assembly session, which will be held at the end of this month, by announcing the withdrawal of its troops from Cambodia by 1990. This is merely a fraud.

Regarding the military situation, Vietnam and the Heng Samrin regime moved additional forces and weapons to reinforce the lower part of Siem Reap-Oddar Meanchey and Battambang Provinces. About 3,000 Vietnamese troops and a number of heavy weapons were moved from Phnom Penh to Ratanamondol District of Battambang Province, opposite Thailand's Pong Nam Ron District of Chanthaburi Province. Fighting between Vietnamese troops and Democratic Kampuchean forces occurred at areas deeper inside Cambodia, which reduced the impact on the Thai-Cambodian border.

CSO: 4207/5

THAILAND

THAILAND ORDERS REFUGEES, SPYING FOR SRV, LAOS, FROM RIVER AREA

BK080213 Bangkok THE NATION in English 8 Oct 85 p 2

/Text/ Mukdahan--Thai authorities have ordered Vietnamese refugees living on the bank of the Mekong River, to move out of the area by the end of this year to prevent them from serving as agents for the Vietnamese and Laotian forces and to pave the way for construction of a dam on the river bank.

A deputy provincial governor, Lt Sanan Thanirat, Sunday called a meeting between Thai officials and heads of about 60 Vietnamese refugee families whose houses are located on the river bank in this northeastern province to discuss the relocation of their residence.

The meeting resulted in an agreement of the heads of the refugee families to move out of the area. According to the Thai officials, the refugees had asked for the suspension of the movement and the Thai authority gave them a deadline until the end of this year.

The deputy governor said the order for the relocation was enforced only for the Vietnamese refugees living on the river bank to prevent them from clandestinely conveying information about Thailand to the Vietnamese soldiers in Laos.

According to Sanan, the refugees were informed that they have to be relocated because it is more difficult to move them out if fighting erupts in the areas along the river which marks the Thai-Laotian frontier.

Sanan said the movement of the Vietnamese refugees out of the area will also help speed up the construction of the dam to prevent the ruin of the river bank.

According to the deputy governor, the dam project, which costs about 87 million baht, was half completed.

Sanan said that if the refugees refused to move out the Thai authorities are prepared to send them to a refugee holding center in Khamcha-I District which is about 35 km from the provincial town.

He said a number of Vietnamese refugees have asked to join their relatives who are living in other provinces such as Nong Khai, Ubon Ratchathani and Sakon Nakhon.

According to Sanan, the provincial authorities also provided houses for renting in the provincial community.

THAILAND

THAI GOVERNMENT CONCERNED OVER SOVIET STUDENT RECRUITING

BK070203 Bangkok THE NATION in English 7 Oct 85 pp 1, 3

/Text/ The Thai Government has expressed serious concern over the Soviet Embassy's method in recruiting Thai students in the rural areas for studies in unidentified higher education institutions in the Soviet Union, highly authoritative sources told THE NATION.

The sources said that during the past 2 years Soviet Embassy officials have travelled extensively throughout the northeastern region in search of potential Thai students with the so-called "grassroots" sentiment in remote villages.

Furthermore, embassy personnel discussed and exchanged views with prospective students through Thai "go-betweens," who supervised and helped locate young people who are eager to study in the USSR, the sources said, adding that the embassy also maintains a recruiting center in the northeastern province of Nakhon Phanom.

In August alone, a total of 53 students went to the USSR under a full 6-year undergraduate course, which will include 1 to 2 years of language training. The number of students this year has increased from 45 students in the previous year, according to the source.

What brought the authorities' attention to the recruitment method was a series of inquiries from potential students' parents who were approached and in certain cases from government officials wanting to go there to further their education, the sources said.

In Moscow recently the Thai Embassy reported a case of a Thai medical student, sponsored by the Soviet Union, who was abruptly deported for allegedly violating the Soviet immigration procedure.

According to an intelligence source, the student had returned to Thailand on several occasions and had been to the United States a few times as well. The young student also persuaded some of his friends in his hometown to take up scholarships in the Soviet Union.

The authorities concerned in Bangkok, however, did not believe that the official reason for the expulsion was credible, especially when the Thai student was

under the Soviet scholarship scheme. "It must have been due to his ideological leanings, which are not favored by the Soviet Union," a security official commented.

A Thai student, who has access to scholarship information said that this year the Soviet Embassy has allocated a total of 70 scholarships, including 10 for ASEAN students. The student said that the increased number of scholarships reflected the growth in the number of student communities being contacted and persuaded.

Western diplomatic sources told THE NATION that such Soviet recruitment especially in developing countries not uncommon. But Thai officials said that the latest Soviet move indicated the USSR's dissatisfaction and frustration over the Thai Government's repeated refusal to accept the official grants offered in the past. "So they might as well call up the Thai students themselves. There are a lot of students who want to study abroad," the official said.

Since 1978, the Soviet Government has offered an average of 24 scholarships a year to the Department of Technical and Economic Cooperation, but these offers have been rejected. Later, the Soviet officials also offered similar scholarships through the University Affairs Bureau without the approval of Thai authorities. The sources added that in 1979, the Soviet Embassy staff here decided to recruit Thai students by itself.

So far intelligence officials have identified three main groups making up the students studying in the USSR. One of them is the group of young men who very much believe in Marxism-Leninism, including a group of remnants from the communist movement. The second group is the students who voluntarily want to further their studies in the Soviet Union mainly students who flunked entrance examinations. The third group is composed of university students who got the scholarships through their teachers, and are mostly going for postgraduate studies.

Government officials, however, expressed serious concern over the first group, which make up the majority of Thai students in the USSR.

An academic who is familiar with Soviet affairs explained that the superpower really wants to see some Thai intellectuals who are truly Marxist to be trained by the Soviets. "So far, in Thailand, Western trained students in Marxist ideology can do more harm to the Soviets. It is no surprise that the USSR wants to have Thai scholars trained by them to defend their interests in the region," he said.

The estimates of the number of Thai students in the USSR differ greatly. Intelligence sources put the number at present at about 40 students (excluding those who left in August), while the Foreign Ministry estimated that about 200 students have left undetected to the USSR.

Intelligence officials said that 40 students are studying in various universities in major cities, with 12 students in Velinius, 10 in Kiev, 7 in Minzk, 5 in Moscow, 1 in Leningrad and the rest in other cities.

An informed source told THE NATION that the Foreign Ministry has recently asked the Thai Embassy in Moscow to take care and protect those students and provide assistance when needed. One official, who had worked in Moscow, conceded that the embassy has very little or no information on the students attending the Soviet higher educational institutions.

He also said that a lot of students went to the Soviet Union through a third country. Since those students applied for scholarships and left Thailand in a surreptitious manner, once they arrive in the USSR they do not bother to keep in touch or register their names with the Thai Embassy.

The source also said that the Foreign Ministry is expected to request the Soviet Embassy here for a list of successful applicants and their educational institutions. "The embassy should let the Foreign Ministry know who are these Thai students and where they are going so that we can keep in touch with them," the source added.

Observers said that the Foreign Ministry's attempt was designed to keep a channel open between the government and students in order not to drive them underground as had happened in the past.

Several students, after spending a few months, voluntarily returned home and complained of their living conditions and, in many study. A female student who studied a computer course said that she decided to return home because she could study the same or even a better computer course in Bangkok.

The Soviet Embassy's spate of activities is not confined to student recruitment but also includes an effort to establish a Bangkok branch of the USSR-Thai Friendship Association, which was set up in Moscow in 1979. "Just last month, Soviet officials from the friendship association visited Bangkok and exchanged views with the Thai leaders on this possibility," the sources said.

CSO: 4200/52

THAILAND

THAI DAILY WANTS INVESTIGATION OF SOVIET SCHOLARSHIPS

BK080129 Bangkok THE NATION in English 8 Oct 85 p 3

/Editorial: "Government Must Get Details of Soviet Scholarships"

/Text/ It is the norm for rich and friendly countries to offer scholarships to students in Thailand, and in other Third World countries, because of their outstanding academic achievement or because financial restrictions prevent them from obtaining higher education. These scholarships are meant to advance their technological, managerial, academic or other skills. But it is altogether a different kettle of fish when politics enters into the awarding of scholarships.

Our government is now deeply concerned by the method used by the Soviet Embassy in Bangkok to "recruit" students for conferring scholarships on them. These students are chosen from North and Northeast Thailand to which Embassy officials have travelled numerous times, without restrictions, for the specific purpose of drafting young persons for awarding scholarships. They have also used Thai frontmen to help them identify eager students who might, once they are in the Soviet Union, be amenable to indoctrination.

What is most worrisome to the government is that it has little or no knowledge of these students or of the institutions they attend during the period of their stay in the Soviet Union. Recipients of scholarships abroad are normally chosen through universities or government agencies on a competitive basis but Soviet scholarships have the unique feature of not being based on educational competency but on present or potential ideological leanings. It is said that the majority of students awarded Soviet scholarships either subscribe to Marxist-Leninist teachings or are remnants of the communist movement.

Naturally the government is alarmed of the possibility of these students returning to Thailand and then engaging in subversive activities that will be detrimental to national interests. Further any education these students receive in the Soviet Union will not help them to get jobs easily because employers, government or private, will view them with suspicion. Actually a degree from a Soviet university may become a disqualification so much so these students will become disgruntled and antisocial.

Being a free country, everybody here has the right to travel to any other country to further his own education. But we object, however, to the manner and method

that the Soviet Embassy employs in recruiting politically acceptable students. It is naturally tempting for young and poor students to obtain a scholarship abroad--from their point of view the Soviet Union is no exception. Their young and pliable minds may not grasp the political implications nor would they worry very much about what would happen to them when they return after a 6-year period in the Soviet Union.

The government, however, cannot be easygoing about this. It must demand that the Soviet Embassy here supplies the Foreign Ministry with the full list of Thai students studying in the Soviet Union. Since some of the students are routed through other countries, the government cannot keep tabs on them and it is said that, once inside the Soviet Union, the students do not register themselves at the Thai Embassy in Moscow.

Unless this is done the students are outside any protection they are entitled to from the Thai Embassy. Further, it is also said that several parents are worried and would like to know more about their sons or daughters studying in the Soviet Union.

This information is necessary because the government does not want these students to come back unheralded, become disgruntled and go underground. If the students face problems when they come back the government cannot be indifferent to them but such help cannot be given if the identities of the students are not revealed. Further it is in the interests of the Soviet Union to clear the air between the two countries. The very fact there is no clear understanding between the Soviet and the Thai governments about these scholarships gives room for suspicion.

CSO: 4200/52

THAILAND

PAPER SUPPORTS AGGRESSIVE TRADE STRATEGY

BK250709 Bangkok THAI RAT in Thai 22 Sep 85 p 3

[Editorial: "Why Not Launch a Further Offensive?"]

[Text] A member of the committee of the Thai Textile Industries Federation said that he will go to the United States to hold talks with members of the U.S. House of Representatives about the draft bill to limit textile imports to the United States, or the so-called Jenkins Bill, in an attempt to relieve the negative impact of the bill on Thai textile industries.

The member said in his statement that we will try our best to explain to the members of the U.S. House of Representatives the bill's impact before the bill enters the Congress--a move which is known as "lobby." According to a later news report, some Congressmen unanimously approved the bill as expected. Several factors indicate that the members of the U.S. House of Representatives will vote for the bill in order to protect the interests of their textile industries and the textile workers, which is one of the duties they must do.

We are too late in moving against the bill and are not in a position to bargain. Even Japan, which has a bigger economic base to bargain with the United States, still cannot block the bill and will be adversely affected because the United States is paying attention to its own economic situation. The whole problem depends on how much government heads--the prime minister and the foreign minister who will go to the United Nations--can persuade the U.S. President and the U.S. textile industry leaders to veto the bill.

If the bill, sponsored by the U.S. legislators, is passed by the Congress, it will be considered as the voice of the U.S. masses and has to be enforced. Thailand, which has less bargaining power, has to accept the result as well. It shows that under such economic conditions, we have to try to be self-reliant as much as possible and be ready to solve problems by ourselves.

Japan provides a good illustration of that as it has advanced further and further in the area of trade. It is believed that although Japan will be affected by the Jenkins Bill, it will have to fight not only the competition in the United States but the competition in the world's free trade market, and it has already made some moves.

The role of trade is like international politics, which has both fair and unfair methods. As a result, it is necessary for Thailand to advance further in world market competition, and to give up the old practice of just giving out a hue and cry once whenever a problem occurs and then calming down. We must be on the offensive, or we will undoubtedly fall behind the others.

CSO: 4207/5

THAILAND

MILITARY-RUN CORPORATION GETS FOREIGN INVESTMENT OFFERS

Bangkok BANGKOK POST in English 23 Sep 85 pp 17, 19

[Article by Pattnapong Chantranontwong]

[Text]

BELIEVING the military-formed Mass Development Corporation (MDC) has a very high potential for success in the arms manufacturing business, several foreign arms traders and manufacturing firms have approached for joint ventures, a senior MDC executive told *Business Post* at the weekend.

Air Chief Marshal Prapa Vejpan, managing director of the MDC — also known as Mualchon Pattana — said that most of these foreign firms were recognised worldwide.

"They offered to bear the entire burden of investment while the MDC would be responsible for managing the ventures," ACM Prapa said.

He refused to name the foreign firms, saying that they should not be publicised until a final decision is taken.

Most of these firms, ACM Prapa revealed, believed that the MDC had "high management skill," particularly in arms trading and manufacturing.

This may be because most senior staff of the corporation are retired senior military officers, while some shareholders are still top brass in the Royal Armed Forces.

However, ACM Prapa said the corporation has yet to decide whether or not to take up the offer.

"We have suggested that they submit official offers to us, and then we will consider them, so as to pick the best one for further negotiations," he said.

The former assistant commander-in-chief of the Royal Thai Air Force, said the MDC is very likely to join one of these firms to set up a weapons manufacturing firm as "it is in accordance with the corporation's policy and such investment will also benefit the country's economy."

In an earlier exclusive interview with *Business Post*, ACM Prapa revealed that the MDC plans to set up a factory to make explosive fuses for supply to defence forces.

He said the Armed Forces currently have to import several hundred million baht worth of explosive fuses yearly. If such fuses could be made locally, it would save the country a lot of money, he said.

He also disclosed that MDC has approached several countries with high technology in the production of arms, to supply know-how to the

corporation.

"After revealing our plans through your newspaper, we have received many offers to join in investing with us," ACM Prapa said.

He said the MDC's board chaired by Lt-Gen Chalerm Hindjiranan-dana, wants MDC's financial position to be strong enough before implementing the arms manufacturing project.

The corporation expects to strengthen its financial base through the liquor trading business. It is expected to sign a contract soon with the Sura Thip group of companies, producer of 13 Hong brand whiskies, and the Sura Maharas Co, producer of Mekhong and Kwang Thong whiskies.

The contract will empower the MDC to be sole distributor of the two whisky producers' products.

In doing so, MDC will receive a commission from the two firms at a rate of 50 satang per bottle, he said. MDC expects to earn about 10 million baht a month from this business.

When asked whether the resignation of Industry Minister Ob Vasu-ratna would affect MDC's plan to act as joint distributor for the two whisky giants, because Mr Ob was a very strong supporter of the plan, ACM Prapa said: "This should have no effect on us because the MDC and the two firms have already agreed in principle; all we have to do now is to sign a contract."

CSO: 4200/43

THAILAND

NONGKHAI OFFICIAL TRADE WITH LAOS

Bangkok BANGKOK POST in English 21 Sep 85 p 3

[Text]

Nong Khai — Thailand and Laos will begin barter trade at provincial level next month or November at the latest, Sira Chaovanavirat, head of the Provincial Administrative Office here, disclosed yesterday.

He said that the commencement of official trade between the two countries, initially at provincial level, was the result of an agreement reached about two months ago between officials of this northeastern province and Vientiane.

He said that the provincial cooperatives, which will undertake trading with their Lao-tian counterparts, will trade detergent, clothing, sandals, bicycle tyres and other consumer products for forestry products, herbs, rattan, dried fish and logs.

Normally, the trade between the two countries is conducted only by the private sector. The official trade volume is, however, much smaller, than the trade by smugglers.

CSO: 4200/43

18 October 1985

THAILAND

CLERGY EXONERATES MONK IN CHIT FUND SCANDAL

Bangkok THE NATION in English 21 Sep 85 p 3

[Excerpt]

THE Sangkha Supreme Council ruled yesterday in favour of Phra Kittu Vudho for his role in organizing the controversial meeting of clients of Nokkaew chit fund pool early this month.

Somdej Phra Visutthadhibodi, chief of the administrative body for Buddhist monks in Bangkok, said police would have taken legal action against Phra Kittu Vudho had he committed any offence in holding the meeting.

He said members of the Sangkha Supreme Council, had listened to the tape of Phra Kittu Vudho's speech during the meeting at Jittapawan Buddhist Monks College and found nothing wrong with it.

The Sangkha Supreme Council was asked by the Religious Affairs Department to rule on Phra Kittu Vudho's act which has been heavily criticized.

CSO: 4200/43

THAILAND

SOMMAI CUTS DEBT CEILING

Bangkok THE NATION in English 20 Sep 85 p 17

[Text]

THE CEILING for foreign borrowings for the government for the next fiscal year beginning next month has been cut down from the original \$1,300 million to \$1,000 million in view of the anticipated sluggish export earnings, Finance Minister Sommai Hoontrakool said yesterday.

The minister said, however, that a consensus will have to be arrived at on the curtailment and officials concerned will deliberate the issue to map out a detailed plan to put the curbs on foreign debts in the new fiscal year.

Informed sources said that the debt service ratio against export earnings this year, according to Bank of Thailand's method of calculation which doesn't include short-term borrowings by commercial banks and the central bank's loan from the International Monetary Fund (IMF), is expected to be about 21.3 per cent, climbing up to 22 per cent next year.

At the same time, if short-term borrowings and the Bank of Thailand's loan from IMF were taken into account, the debt service ratio could be as high as 27 per cent this year and 27.2 per cent next year, according to the sources.

The Foreign Debts Committee met yesterday under the chairmanship of Finance Minister Sommai who said the

working group on foreign debts will not only seek a consensus on the lower foreign borrowing ceiling but also to set the priorities in this connection.

Some of the leading personalities who took part in yesterday's meeting included Deputy Finance Minister Suthee Singhasaneh, Bank of Thailand Governor Kamchorn Sathirakul, and senior officials from the finance ministry and central bank.

Minister Sommai said that the fixing of the ceiling of foreign borrowings should not be considered against the country's debt position alone — but should also take into account the nation's export earnings.

Next year's export earnings are not expected to pick up in any significant way. In fact, in dollar terms, export earnings so far this year were said to have dropped by 3.8 per cent compared to last year's, although in baht term, the export earnings have gone up by about 15-18 per cent.

Informed sources said that although the debt service ratio have been on the rise recently, the situation should begin to improve in the near future, with the projection that the ratio will be 21.7 per cent in 1987, down to 20 per cent in 1988 and 19.6 per cent in 1989 "on the condition that no major additional foreign borrowings are effected, that is," the sources said.

The current fiscal year's ceiling for foreign debts on the part of the government has

been fixed at \$1,600 million. But so far, the borrowings have reached only \$1,000 million, official sources said, adding that when the year is out by the end of this month, this actual public sector's foreign borrowings may fall under the \$1,600 million ceiling.

But a heated debate continues between senior officials and Cabinet members as well as the government's economic planners on the question of whether the country should drastically cut down on large-scale investments. One school of thought has been pressing for a scale-down and adopt an austerity programme while the other group has argued that the major scale-down may affect the country's standing abroad and may also deprive the country's of potential growth that comes with investments.

The debate has gained momentum in the wake of efforts to map out an economic package at the instruction of Prime Minister Prem Tinsulanonda who has assigned a task force headed by NESDB Secretary General Snoh Unakul to come up with specific solutions to resolve the country's short-term and long-term economic problems.

THAILAND

SUA SAID TO BE PRESSURING OTHER HILLTRIBES

Bangkok THE NATION in English 22 Sep 85 p 2

[Text] **CHIANG MAI —** Burmese troops are preparing a major operation to push 500-700 soldiers of narcotics kingpin Khun Sa's Shan United Army (SUA) across the Thai-Burmese border as fierce fighting has broken out between the drug trafficking force and another hilltribe force along the frontier here, informed sources said yesterday.

The sources said that Rangoon had despatched helicopters to the border area to monitor the situation there as its infantry troops advanced through thick jungle towards SUA hide-outs located in the Samchu mountain range, about three kms from Palong Village of Tambon Monpin in this northern province.

Meanwhile, Chang Li Fong, spokesman of the Lawa force, said that the hilltribe force had killed about 20 SUA fighters and wounded 40-50 others in clashes between the two rival forces which have raged since September 9 along a 30-km stretch of the Thai-Burmese frontier — from Tambon Mae Ngon in Fang District to Mae Ai District.

He said that eight SUA fighters surrendered to the Lawa force based at the village and handed over M-79 grenade launchers, rocket-propelled grenades and M16 assault rifles.

The Lawa force was led by Commander Fong-E Thian, he said.

Chang Li Fong said that SUA fighters based at Samchu stronghold number 500-700, compared to 300-400 Lawa fighters split up into more than three units for the battle against the drug trafficking force.

Informed military sources said the Lawa force received arms from the Kuomintang as well as support from Taiwan in the battle against Khun Sa's troops.

The sources also said that Samchu mountain range was a major source of heroin production.

Chang Li Fong said that his Lawa force formerly worked with the SUA in the drug business but now wanted to stop its involvement in drug trafficking and return to a peaceful way of life. But the SUA wants the Lawa, which number 700-800, to continue to collaborate, he said.

As a result of the conflict, aggravated when Lawa people stopped supplying the SUA, the two forces became up in arms against each other, according to the Lawa spokesman.

He said that the SUA is demanding a

"protection fee" from 62 hilltribes in the area in the form of supplies and raw opium. Each hilltribesman is required to deliver 1,600 grammes of raw opium each harvest season, according to Chang Li Fong, who added that there are 5,000-10,000 hilltribesmen living in the border area.

Twelve Lawa fighters were killed and 18 wounded in fighting with SUA troops, he said. The wounded hilltribesmen were being treated at Fang Hospital, he added.

Chang Li Fong claimed that the hilltribespeople were forced by the SUA to become involved in the drug business. He said that the Lawa are spearheading a "rebellion" against Khun Sa's control over all the tribes in the area.

THAILAND

SUA REPORTEDLY KILLS SEVEN FOR AIDING RIVAL FORCE

BK010227 Bangkok THE NATION in English 1 Oct 85 p 5

/Text/ Chiang Mai--The Shan United Army /SUA/ rebels on Sunday killed seven hilltribes people, including a village headman, on the Thai-Burmese border opposite this northern province and warned villagers not to support the Wah National Army (WNA), another minority group in Burma, a Wah rebel leader said.

Maj Yang Fong Fui, commander of the WNA force said a group of SUA rebels, after being routed from their position by the WNA force, intruded into a village of Pankee opposite Tambon Monpin of Fang district and killed seven hilltribes villagers.

According to the rebel leader, among the murdered villagers were the village headman and his wife, identified as Shing Oi and Li So. Shing Oi's two children and three other villagers were also killed, he said.

He said the SUA killed the villagers because they had refused to send logistic support to the SUA which is under the command of Khun Sa, a well-known drug kingpin.

The commander said the SUA rebels had threatened to kill any WNA supporters in 62 hilltribes villages including those of the Muser, the Shan, the Ekaw, the Yao and the Chinese Haw ethnics.

Yang Fong Fui said many hilltribes villagers from several villages along the Thai-Burmese border have fled to the WNA stronghold in Tambon Mantoong to take temporary refuge.

He said more than 100 SUA rebels have been killed while about 100 others were wounded after more than 2 weeks of battle with the WNA force.

The Wah commander said the battle broke out on 9 September when the SUA rebels invaded an area under the control of the WNA opposite Tambon Monpin of Fang.

He said the WNA rebels had managed to seize a SUA position at Kuomintang Valley next to the mountain range on the Thai-Burmese frontier and later scattered the SUA force into small groups.

He said several groups of about 50 to 100 Khun Sa fighters have been hiding in the rugged terrain of Phumun Mountain of Fang district and in the vicinity of Pankee village of Burma.

The SUA forces have been collecting taxes from hilltribes villagers who make a living by farming, he added.

A senior Thai official told THE NATION that some illegal operations, conducted by Khun Sa forces, are difficult to crack down on because the areas where the SUA rebels are active are outside Thai jurisdiction and far from any Burmese towns.

CSO: 4200/52

PREM ECONOMIC ADVISER ASKS SHIFT IN EMPHASIS

Bangkok THE NATION in English 19 Sep 85 p 19

[Text]

THAILAND will have to lower its sights for the next two years, cutting ambitious investment projects and diverting some of its resources to bolster people with low and middle incomes, Dr Virabongsa Ramangkura, one of the prime minister's economic advisers said on Tuesday night.

Although he did not specify any particular projects, it is possible that he had in mind projects of the nature of the Eastern Seaboard Programme. He had just come from a meeting of top economic policy planners who were reported to have discussed that very issue.

Stressing that he was giving his own personal view and not representing anyone else, Virabongsa told a Rotary Club dinner at the Siam Intercontinental Hotel that "we may have to turn back to something called 'small is beautiful.' The government may have to look at the budgets for ongoing projects and evaluate whether it is worthwhile going on or not."

He was not, however, advocating a complete change of direction. "There is no alternative for Thailand but to seek growth through international trade" because Thailand is "a small open economy with a free market system."

Being a small open economy, he said, the government is restricted by limitations not found in countries like India, China or the United States. In those countries, budget deficits might be inflationary, but in Thailand they merely stimulate imports and lead to trade deficits unless there is a matching increase in export

earnings. Virabongsa said that some people are advocating that the government should maintain a small budget deficit in order to stimulate the economy. They point out that inflation in Thailand is now only moderate and therefore the government can afford some reflation. Virabongsa warned that the outcome might not be as desired because of the stimulation of imports.

Successive trade and current account deficits have imposed a burden on external debt servicing, he said. "We have to be sure that we can service our debts forever. This is what is meant by fiscal discipline." And it is this which requires the continued ability to export in order to earn foreign exchange.

Virabongsa warned that even if economic growth of six per cent per year can be achieved, depressed foreign exchange earnings would simply lead to a worsening balance of trade. He said that Thailand would have to choose an appropriate and safe growth path.

"However, we all know that deflationary pressures are very great now; and lower income groups and middle income groups will be the first to suffer. At the same time the tax rates and tax

structures are out of date. That is why we have a massive shortfall every year."

Arguing that Thailand will have to forget ambitions of becoming a newly industrialized country, at least for the next two or three years, Virabongsa said that resources projects which involve large quantities of imports or large amounts of foreign borrowing will have to be replaced with smaller short term projects, preferably geared towards exporting. And in order to cushion the blow to low and middle income groups resources should be directed towards agriculture. This would increase the competitiveness of agricultural products as well as boosting the purchasing power of those income groups.

Caution is essential, he said, rather than continuing as before in the blind hope that the world economy will recover in the next two or three years. "If the world economy doesn't pick up, what can we do then?"

The external picture which he painted was certainly pessimistic, with continued sluggish growth in the United States and huge deficits leading to increasing protectionism; and the failure of international commodity markets

to lift the prices of Thailand's principal exports. Virabongsa said that it is difficult to envisage these prices recovering in the next few years because producers have accumulated huge stockpiles and world purchasing power is weak.

Therefore, he said, Thailand's export earnings do not look as though they will grow as expected in the Fifth Development Plan. All predictions had been based on an average growth of 12 per cent in export earnings. The new forecast for this year is actually a decline of one per cent in dollar terms, he said, and for the future it is difficult to envisage growth of more than 10 per cent in this area. If the growth is positive that would be "lucky enough."

Asked for his forecasts of inflation in 1986, Virabongsa said that the most important factors to look at are domestic energy prices, public utility tariffs and import prices; and while the money supply does have some relationship with price levels, it is more closely related with import volumes.

For this year, he said, there has been an increase in import prices as a result of last year's devaluation, but this has been offset by falling agricultural

prices. Therefore he predicted an inflation rate of four per cent for this year, compared with 0.7 per cent in 1984.

In 1986, he did not foresee any great increase in food prices which are a major portion of the retail price index. There would be little change in energy prices and the prices of finished products and he did not believe there would be another devaluation. Consequently, Virabongsa predicted that inflation in 1986 would "probably be lower than this year."

Another Rotarian asked he thought that the five per cent per year growth target being set for the proposed Sixth Plan was too optimistic.

Virabongsa said that the Thailand Development Research Institute, for whom he is in charge of macro economic modelling, is still completing its analysis of the growth prospects of the next five years. However, he suggested that growth for this year might be 4.5 to five per cent. "Next year it may grow at this rate or slightly slower. That would really depend on the export performance of this country."

But, Virabongsa said, compared with other countries, that would still be a good rate of growth.

THAILAND

MINISTERS JOIN TALKS ON ECONOMIC PACKAGE

Bangkok THE NATION in English 19 Sep 85 p 25

[Text

SEVERAL Cabinet members joined in the deliberations of the task force headed by NESDB Secretary General Dr. Snoh Unakul working out an economic package for immediate and long-term solutions to the country's ills.

Last Saturday, the task force members met the ministers at the Government House for the first round of talks involving the ministers. Tuesday evening, another round of four-hour talks took place and the whole spectrum of the country's economic problems were discussed at length.

The ministers who have recently taken part in the deliberations include Minister attached to the PM's Office Suli Mahasandana, Finance Minister Sommai Hoontrakool, Minister attached to the PM's Office Meechai Ruchupan, and Deputy Industry Minister Chirayu Isarangkun Na Ayuthya.

The task force was first given two weeks when it was appointed to study the country's economic problems. Prime Minister Prem Tinsulanonda, who set up the team last month, cited the case of Singapore as an example of how a country with an impressive growth rate in the past has registered a minus growth rate this year. He suggested that the task force work out ways and means for Thailand to avoid such drastic consequences.

The task force didn't complete its study in two weeks and has since been joined by some Cabinet members who raised some questions on the line of arguments put forth by the task force members.

"It's a process of education for both sides in a way," commented a participant in the lengthy discussions Tuesday evening at the central bank. He said much of the time was spent on elaborating on the recent economic trends of the country.

Minister Suli posed a number of probing questions and so did Minister Meechai when the question of investments in large-scale projects was raised. The task force pointed out that the economic constraints would mean that some of the major projects including those on the Eastern Seaboard would have to be reduced in scale or deferred, considering their effects on the country's foreign debt condition.

There were those who argued in the meeting that the large-scale investments would have long-term benefits but some members of the task force insisted that the negative impact would be too heavy a burden to bear for the country in the short and long run.

"In a way, we were just repeating the same old arguments over why the country needs to accept our own limitations and cut down on some of the large-scale investments so that we could tide over the immediate economic problems," said another participant.

Finance Minister Sommai emerged from the meeting

refusing to comment on the topics of the discussions. Other officials who attended the deliberations also remained tight-lipped over the issues under discussions, saying that the specific measures had yet to be wrapped up and approved by the Council of Economic Ministers.

But an informed source said the meeting on Tuesday did take note of the necessity of proceeding with the fertilizer project, for which \$85 million loan from Japan's Overseas Economic Cooperation Fund (OECF) will be guaranteed by the Industrial Finance Corporation of Thailand (IFCT) which would in turn be given an agreement in writing from the Finance Ministry to underwrite any liquidity problem for IFCT should financial obstacles surface.

"While we agreed to proceed with the fertilizer plan, we were also afraid that it could be taken as an example for other large-scale projects to be submitted and implemented. Several projects of this scale have been proposed such as the petrochemical scheme, the elevated train project, the massive Leyland project to reorganize and re-equip the Bangkok Mass Transit Authority (BMTA), to cite but a few cases," the source said.

Tuesday's discussions began at 5.00 pm and did not end until 9.45 pm. "The talks covered the whole range of issues you could think of — debt service ratio, foreign debts, large-scale

investments, Eastern Seaboard projects, trade deficit, export drive, balance of payments etc..." another source said.

Prime Minister Prem, in a statement read out after Tuesday's Cabinet meeting (a few hours before the meeting at the central bank began) by Government Spokesman Trairong Suwankhiri, made it plain that all Cabinet members must make sure that only projects specified in the Fifth Five-Year Economic and Social Development Plan which will expire next October and the Sixth Plan are implemented.

The premier told the Cabinet meeting that under the current economic conditions, the government isn't in a position to carry out various large-scale schemes "because even those contained in the Fifth and Sixth Five-Year Plans will have already drained out the government's resources, despite the fact that they have been drawn up with great care and careful consideration," the premier told his Cabinet members.

Gen Prem did add that if, however, a minister should have any project which is not included in the Fifth and Sixth Five-Year Plans but that is considered of an urgent nature, approval will first have to be sought from the Finance Ministry and the Office of the National Economic and Social Development Board.

The Cabinet members who held talks with the task force did raise several questions on some of the much-publicized projects some of which have been declared "national" schemes. But certain members of the task force have insisted that they are against pushing the plans ahead in view of the heavy burdens they would have on the country's fiscal and financial position.

The task force has compiled all the relevant statistics on trade deficit, balance of payments, debt service ratio and other economic indicators — and all indications are rather negative.

"We have to face realities and tell the public that there will be tough times ahead. The debt service ratio has gone up to 25% for both the government and private sector borrowings and the trade deficit won't improve to any satisfactory degree. The country's exports might have gone up by about 18% in baht terms but it's only 0.5% growth in dollar terms. And that's something we have to watch out against," an informed source said.

The task force comprises Dr Snoh, Deputy Bank of Thailand Governor Chavalit Thanachanan, Adviser to the Prime Minister Dr Virabongsa Ramangkura, Deputy Director of the Fiscal Policy Office Nibhat Bhukkanasut and Dr Vijit Supinit, the central bank's director for technical and research department. The team has been looking at the broad picture and was not to submit an overall view as well as solutions to the Council of Economic Ministers. But now, the new instruction is for the team to come up with "specific recommendations" some definite prescriptions for the country's economic ills.

"We all know what we should do but how do we make them politically acceptable to all?" commented the source, adding: "It's a tough nut to crack."

THAILAND

HOUSE SPEAKER PROFILED

Bangkok THE NATION in English 22 Sep 85 p 9

[Text]

A SURPRISE has always been a salient feature of Thai politics. This time, it revealed itself amid the widespread rumour of reshuffle following the "voluntary" resignation of Industry Minister Ob Vasuratna and his two deputies from the National Democracy Party — Prayote Nuangchamhong and Wong Polnikorn — under the leadership of former prime minister Gen Kriangsak Chomanan who has been alleged to have taken part in the September 9 abortive coup.

Progressive Party, the party with three MPs in the House, led by House Speaker Uthai Pimchaichon, quietly galloped past several other larger opposition or even "pseudo-opposition" parties to win the heart of enduring Prime Minister Gen Prem Tinsulanonda.

As a reward for the newcomers, one of its key members MP Anant Chaisaeng of Chachoengsao will be named the new deputy industry minister under the ministerialship of Flight Lt Suli Mahasandana, Prem's trusted classmate. The other representative of the party outspoken Kasem Butkhunthong from Petchabun will not be left idle either, but will become Anant's secretary and this means there will be no power juggling inside the new coalition partner.

Uthai, the youngest House speaker ever and long known for his impartiality, commenting on the participation of his Progressive Party in the three-year-old coalition government, said that he was approached by Prime Minister Prem soon after the Monday coup collapsed.

The 47-year-old House speaker who has hardly touched on executive affairs said the talk with Gen Prem went on cordially with one minor pre-condition from his party to be a coalition partner.

He said it was a promise from the head of the government not to block the move for a live broadcast of the parliamentary session which Uthai himself has been a leading advocate.

But Uthai still cannot clear the question on why such a small party like his Progressive Party impressed a hard man like Gen Prem. Perhaps, it was a reward for him after he did nicely on September 13 to indefinitely put off the House debate on the urgent motion of Social Action Party leader M.R. Kukrit Pramoj calling on the government to clarify to Parliament about the September 9 episode.

Uthai on that day tried to prolong the debate of the opposition despite his repeated attempts the day before to cut short the deliberation of the House on the 1986 budget bill on the second reading by urging MPs to debate to the point and to be concise.

Afterwards he was seen huddled with Gen Prem and M.R. Kukrit in a guestroom behind the House Speaker chair and the debate on September 13 dragged on until noon. Soon after the bill was unanimously approved in the final reading, Uthai moved quickly to adjourn the meeting reasoning that the meeting hall had to be cleared to make way for the Senate meeting that afternoon.

UTHAI is not at all a new hand in politics. He was first elected as representative from Chonburi, a major eastern seaboard province, in 1969.

In November, 1971, when Field Marshal Thanom Kittikachorn staged a "self-imposed" coup d'etat, the Chonburi MP together with

Anant Chaisaeng of Chachoengsao, and Anant Phakprabhai of Pitsanulok boldly challenged the legality of the so-called 'Revolutionary Party.' The three MPs were sentenced to jail for ten years, as a result.

Released in 1974 by a royal amnesty after the Thanom regime was toppled by the students, he rose to the position of deputy Democrat Party leader and won in the general elections in Chonburi in 1975.

The young politician was elected a third time as representative for Chonburi in the April 1976 general elections and shortly afterward was elected the House Speaker, the youngest ever in Thai democratic history.

HE left the Democrat Party after the October 6 bloody coup in 1976 for what he said to end the political differences. Uthai refused to contest in the 1979 poll on grounds that the political climate was not conducive enough for the promotion of democracy.

A year later, the young politician and friends formed a political party and named it "Revolution Party," with the hope of turning Thai politics into a new age of genuine democracy.

"But the word 'revolution' seemed to irritate the feelings of somebody and the Interior Ministry then refused to register it as a legitimate political party. So, I have to name my party 'Progressive Party' just to win the approval of the authorities," Uthai recalled.

Uthai made a successful political comeback in the 1983 general elections by leading in his constituency in the eastern seaboard province. Two other members of his Progressive Party, Anant and Kasem, also won in Chachoengsao and Petchabun respectively.

Despite the occupation of only three seats out of 326 in the House, his outstanding performance while leading the Legislative body in 1976 comfortably returned him to the House Speaker chair defeating the candidate supported by the majority coalition government.

Born in Pan Thong District of Chonburi on August 14, 1938, Uthai was awarded a LL.B degree from the Faculty of Law, Thammasat University. He is married with two children.

"I strongly believe that with our impressive performance during the past years, my Progressive Party will win at least 20 parliamentary seats nationwide in the upcoming general elections in 1987," House Speaker Uthai said.

THAILAND

OFFICIAL ON FISHING ACCORD WITH INDONESIA

BK080452 Bangkok BANGKOK POST in English 8 Oct 85 p 21

/Text/ Thailand and Indonesia have reached an agreement which would allow Thai fishermen to fish in Indonesian waters, Mr Wanit Warikun, director general of Fisheries Department said yesterday.

He said the agreement, signed at the Fisheries Department between himself and Adm A. Rakhman, director general of Indonesia's Fisheries Department would enable Thai fishing firms to fish in Indonesian waters after two aspects had been reached.

--The Thai fishing firms would have to inform the Indonesian Government of fishing tools, specific fisheries and catch estimation for various kinds of marine life before asking for permission from the Thai Fisheries Department.

--The Thai Fisheries Department will then contact the Indonesian department for approval.

Thai fishing firms, after winning approval, will have to pay the to-be-announced fees to the Indonesian Government, he said.

Wanit said further that the Indonesian Government would also allow fishing joint-ventures between Thai and Indonesian private firms covering the whole Indonesian territorial waters as well as setting up fish-processing plant. But the potential joint-venturing would have to be in line with Indonesia's Investment Act, he said.

He said for more information, the Indonesian Fisheries Department will send detailed conditions for fishing rights, Investment Act and Fishery Act to Thai Fisheries Department.

The just-concluded agreement is beneficial to Thai fishermen, he said, as they will have more marine resources and are free of any violation charges.

Wanit said that the department has been trying hard to get other countries' nod for Thai fishing trawlers other than the present agreement with Australia, India, Oman, Senegal, Papua New Guinea and Fiji.

CSO: 4200/52

THAILAND

BRIEFS

JAPANESE YEN LOAN--Following the exchange of notes yesterday between Finance Minister Sommai Huntrakun and Ambassador of Japan Masatada Tachibana, a loan of 72.077 billion yen, or about 7.91 billion baht, will be extended by the Government of Japan to the Thai Government. It is the 12th yen loan to Thailand since 1968, making the total of yen loans to date 593,215 billion yen. The loan will be extended to Thailand through the Overseas Economics Cooperation Fund, or OECF, at an interest rate of 3.5 percent. Repayment period is 30 years with a 10-year grace period. The grant element of the loan will be more than 50 percent. This Japanese loan will serve to assist the efforts of Thailand towards economic and social development. Almost half of the amount of the loan will be allocated to the Eastern Seaboard program which has been given top priority in the Fifth 5-Year National Economic and Social Development Plan. Part of the loan will be allocated to the export industry modernization program aiming at export-oriented small- and medium-scale projects. The 12th yen loan will also cover several projects concerning water supply improvement, irrigation development, telephone and electrification expansion. Thailand is the largest recipient of yen loan assistance since 1982 followed by the People's Republic of China and Indonesia. /Text/ /Bangkok Voice of Free Asia in English 1500 GMT 1 Oct 85/

DIPLOMATIC TIES WITH MOROCCO--The Thai Foreign Ministry today issued a press release relating establishment of diplomatic ties between Thailand and Morocco.

The press release stated: Being desirous of promoting the friendly relations between the Kingdom of Morocco and the Kingdom of Thailand, the Government of the Kingdom of Morocco and the Government of the Kingdom of Thailand have agreed to establish normal diplomatic relations as from 4 October B.E. 2528--or 1985--and to exchange diplomatic representatives at ambassadorial level. /Text/ /Bangkok Voice of Free Asia in English 1500 GMT 5 Oct 85/

AVIATION AGREEMENT WITH UNITED KINGDOM--British aviation authorities have agreed to provide Thai International (THAI) with full traffic rights to operate to London from different points in Thailand in addition to giving THAI the rights for a fourth weekly flight. According to a highly placed source in the Communications Ministry, a British Embassy official has informally told the Aviation Department of the British decision, saying that the official notification will soon follow. News of the British Aviation Authority decision was highly praised by all concerned with Thai aviation, particularly the decision to allow THAI to operate from other points in Thailand, instead of only from Bangkok to London. /Excerpt/ /Bangkok BANGKOK POST in English 26 Sep 85 p 15/

REPORT ON WOUNDED FOREIGNER--Bangkok, 7 Oct (AFP)--A British or Australian national who received a bullet wound in the forehead while with Karen insurgents when they clashed with Burmese troops last week has undergone an operation and is in serious condition, a Thai police official said today. The official in Mae Sot Border District, who asked not to be identified, told AGENCE FRANCE-PRESSE in a telephone interview that the wounded man was "unable to answer" questions when he visited him at the local hospital today. The man, who identified himself as Sony Wingate, 23, was wounded along with at least four Karen insurgents during a dawn attack Friday by Burmese troops on a Karen base in eastern Burma, across the border from the Thai district of Tha Song Yang in Tak Province. Three insurgents died in the attack mounted by some 500 Burmese troops. Doctors at the Mae Sot hospital, about 500 km (300 miles) northwest of here, have advised complete rest for Mr Wingate, who was still in intensive care following his operation Saturday, the police official said. Mr Wingate told a nurse in the hospital that he was from Manchester, England, but he described himself as an Australian national when he was admitted for treatment. Reliable sources have said he was apparently one of our or five Westerners known to have taken part in guerrilla operations mounted by the Karen insurgents. The Karens, who are led by fiercely anticommunist Christians, have fought for independence from the Burmese Government since 1949. /Text/ /Hong Kong AFP in English 1324 GMT 7 Oct 85/

CSO: 4200/53

LABOR

REGULATIONS ON CORVEE LABOR

Hanoi LAO DONG in Vietnamese 15 Aug 85 p 7

['Labor Replies' Column: "Must State Workers and Public Servants Fulfill Corvee Labor Obligations?; Who Has the Authority to Order Workers and Public Servants to Engage in Corvee Labor?"]

[Text] Many agencies and enterprises have written to the editor's office for answers to the two questions above. We have invited Nguyen Phuong, Deputy Chief of the Manpower Resources Department, Ministry of Labor, to answer the first question. The second question will be answered by Nguyen Manh Thai, a specialist in the same agency.

Must State Workers and Public Servants Fulfill Corvee Labor Obligations?

While waiting for the government to promulgate laws on public welfare labor obligations, the mobilization and use of annual obligated man-days of workers and public servants is still implemented as a Corvee Labor Statute in accordance with Decree 77/CP dated 26 April 1966 of the Council of Ministers (pertaining to the provinces and cities of the north), and Circular 5/TT-LB dated 29 June 1978 of the Ministries of Labor and Water Conservancy on mobilizing manpower to engage in water conservancy in the provinces and cities of the south.

Article 2 of the Corvee Labor Statute stipulates:

a. Exempted from corvee labor:

- Wounded soldiers.
- The disabled or those with chronic illnesses unable to do heavy work.

b. Temporarily exempted from corvee labor:

- Those sick and under treatment.
- Pregnant women.
- Women with children under 12 months old.

Article 3 of the Corvee Labor Statute stipulates:

-State workers and public servants (including those working in accordance with the contract system) must contribute 7 man-days annually.

Article 4 of the Corvee Labor Statute stipulates:

State workers and public servants are only mobilized to fulfill corvee labor obligations for half or full days on their days off to accomplish jobs within the local area or to work in accordance with their professional skills.

A number of localities have recently failed to precisely follow state stipulations in mobilizing workers and public servants to fulfill their corvee labor obligations; arbitrarily stipulating that workers and public servants fulfill their obligations for 15 days each year; sending them on their work days; not mobilizing them but collecting money, etc.

Such occurrences are inconsistent with and not precisely in accordance with the objectives, requirements and theme of party and state corvee labor policy, and adversely affect the work, lives and health of the workers and public servants. We suggest that local administrations and responsible agencies, most directly the labor agencies, study and examine the process of making organization, mobilization and use of obligatory corvee labor man-days of workers and public servants a procedure precisely in accordance with the policies stipulated by the state in order to create conditions for the workers and public servants to assure completion of their work and production plan and mission, and to fulfill their labor obligations to assist in building the social economy in the local area.

Who Has the Authority To Order Mobilization of Workers and Public Servants To Fulfill Their Corvee Labor Obligations and Under What Circumstances?

The people's committees of provinces, cities and special zones directly subordinate to the central government, most directly the chairman, have the authority to order mobilization of workers and public servants (including units of the central government stationed in the local area) to fulfill their corvee labor obligations in half or whole day sessions.

When natural disasters (storms and floods) or enemy attacks (shelling and sabotage) occur, people's committees at all levels are authorized to mobilize workers and public servants for emergency duty in the local personnel, material and ability emergency system in accordance with Decree 232/CP dated 24 November 1965 of the Council of Ministers; each phase lasting from one half-day to two days and not to exceed a maximum of 5 days.

Moreover, local administrations at all levels coordinate with other organizations (trade unions, the Ho Chi Minh Communist Youth Union and the Women's Union) in mobilizing workers and public servants to participate in socialist labor, each phase lasting for a few half-days, for sanitation pipe and ditch construction, planting crops, etc. in public locations or in agencies and enterprises.

Generally speaking, the mobilization of workers and public servants as stated above is only conducted during their days off except for cases of emergency labor mobilization. Labor is mobilized only when truly necessary and efforts must be made to assure that mobilization and use are rational, effective and not wasteful. At the same time, concern must be given to the work, study, lives and health of the workers and public servants.

LABOR

PRICE SUBSIDIES TO WAGES NOT CURE FOR EVERY PROBLEM

Hanoi LAO DONG in Vietnamese No 26, 27 Jun 85 pp 1, 2

[Article by L.D.: "Price Subsidies to Wages: Implementing Resolution 8 of the Party Central Committee; To Assist Cadres and Workers in Further Understanding Some Heated Problems at the Present Time; What Are Price Subsidies to Wages Aimed At?; What Difficulties or Advantages Will Be Caused in the Lives of Cadres and Workers?; What Things Will Occur and What Will Require Continuing Solution?"]

[Text] The application of price subsidies to wages is a method for resolving two requirements at the same time. First, the system of selling supplied goods at a fixed and stable price that is too low compared with the value will be eliminated. Goods supplied in fixed or unfixed quantities to workers, public servants and every other recipient entitled to the supply system will now all be elevated in accordance with the commercial business price. Every type of state retail trade goods will have only one price; differences between the supplied price and the trade price, long a depression for collecting dishonest methods of earning a living, will now be filled in.

Although supplied prices have been eliminated, for a number of essential goods still lacking conditions for normal (free) sales, the state will continue to maintain fixed quantity standards on the maximum amount an individual may purchase at state stores. For these types of goods, ration books or stamps of an "insurance" nature will still be maintained, meaning that when market shortages occur, the state will continue to assure the stipulated sales level for those entitled to supply standards.

Secondly, goods supplied in fixed and unfixed quantities in accordance with current standards regarding each wage level will be calculated in accordance with new prices, forming a monetary fund for price subsidies to the wages of workers and public servants and further subsidizing those now entitled to supply standards at low prices (such as retirees, college students, trade school students, and the "dependent" population. When the state changes the retail prices of these goods, a corresponding readjustment will be made in wage and subsidy compensations. For the business production area, price subsidies to wages will be figured in production costs or circulation expenses.

In locations now implementing this method, due to differences in the cost of living, the average price subsidy to the wages of each worker and public servant varies, from the lowest to the highest by about 250 dong. In comparing

this average level, an individual receiving the lowest subsidy will receive about 85 percent; while the highest (Ration Coupon B) will receive nearly twice as much. This is not an increase in pay or a change in wage grade or scale but is simply a recalculation of wages in accordance with the new prices of the state, a shift from wages in kind to wages in cash. For the state, it is a shift from a budget method which has long compensated for trade losses (due to the sale of supplied goods at a price much lower than the original price) to a method of direct price subsidies to the wages of workers and public servants and those entitled to supply standards.

With the theme presented above, the substance of price subsidies to wages is the proper application of regulations to partially renew price and wage policies consistent with the actual situation and the urgent requirements of life.

Reality has assisted us to increasingly recognize that price and wage policies following the bureaucratic and subsidization mechanization are obstructing and restraining the production and circulation of goods, upsetting distribution and income relations, harming the interests of the state and the genuine laborer, further increasing budget and monetary imbalances, and creating negativism in society.

The Seventh Plenum of the Party Central Committee (Fifth Session) asserted the need for "shifting completely from the bureaucratic and subsidized management method to socialist economic and business accounting." The present pivotal step in achieving this shift is to renew the wage policies and the financial and monetary relations connected with them.

We cannot prolong the policy of prices isolated from value laws, ignore supply and demand, set and maintain prices in a subjective and inflexible manner, put pressure on prices when purchasing and employ spreading subsidization when selling, presumptuously set forth price differences, and create opportunities for dishonest operating procedures. We cannot maintain the policy of wages isolated from the law of distribution by labor that cannot assure a minimum standard of living for the wage earner and is burdened with a nature of subsidization and average-ism with a system of in-kind supply at a low price.

The new procedure of applying price subsidies to wages corrects one step and a few elements in price and wage policies. The solution level is still limited but its direction is consistent with the law and precisely in accordance with the viewpoint of overcoming bureaucratism and subsidization and stimulating socialist accounting and business. This fact is proven by good changes made in the economy, life and society of locations implementing price subsidies to wages.

Price subsidies to wages only changes the form of salary payment on the basis of current supply standards without an increase in the actual wages. Thus, of what benefit is it to the life of the wage earner?

The first benefit is regaining collective ownership in consumption and greater assurance in the standard of living. Previously, there were supply standards but whether there were goods to buy or not, whether purchases could be made of

precisely what one desired or at a time when needed or not, etc. were all totally dependent upon the store and the person selling the goods. Some things were unnecessary or unneeded at this time but supplied at a low price and a crime not to buy while conversely, some things were needed but impossible to buy, or one was forced to buy unsatisfactory things such as musty rice, lowest grade meat, fish scraps, underwear in incorrect sizes, etc. Now, whatever one needs to purchase, the location of the purchase and the time are at one's own initiative in arranging in accordance with the actual requirements and one's ability to pay with self-balancing of receipts and expenditures in a rational manner. When an item is in short supply in the state store and must be bought on the free market, one suffers no loss because the wage subsidies are equal to the business prices. This is increasingly important in locations that have long been unable to purchase supplied goods in a full, even and scheduled manner and especially to those living far from the stores. Therefore, although actual wages are not increased, application of price subsidies to wages better answers consumer requirements and better assures the living standards of the wage earner.

The second benefit is that housekeepers are put at ease and relieved of trouble and confusion when shopping: with none or only an extremely few stamps and coupons or only a rice book. "You get what you pay for," good and bad goods must be differentiated by price level and the buyer makes his own choice. If it desires to sell goods and earn money, state trade must give concern to the needs and preferences of the buyer and must give attention to trade civilization.

Many types of goods are scarce and when the state eliminates supplied prices and sells at business prices, a number of people are afraid that market prices will increasingly rise, causing wage price subsidy money to swiftly "evaporate," even if additional subsidies have difficulties in following the price increase rate. This concern is fairly widespread.

We all know that market prices fluctuate in accordance with supply and demand relations. When goods are scarce, even if the system of supply at low prices is maintained, it cannot draw market prices down. To control the market, the decisive factors are developed production, abundant state commodity forces and expanded business.

When the system of supply at low prices still existed, fairly serious losses were suffered by state goods. This situation has now been halted from the source. First of all, because there are no longer price differences, the occurrences of pilfering and surreptitiously slipping goods to the outside have lost their source of nourishment. Secondly, the sale of goods in accordance with various forms such as letters, orders, recommendations, internal distribution, etc. has also halted because there are no longer any low prices. Third, when price subsidies to wages are made, false personnel rosters and fraudulent standards will also be eliminated because they no longer have a place to hide.

The state budget has long compensated trade for price losses but the original prices of supplied goods have not been calculated, loss compensation has usually been impromptu, and trade constantly owes those entitled to supplied goods.

Now with price subsidies to wages, the amount of compensation money is much larger. However, when compensating trade for losses, the state budget shoulders the entire expense. When price subsidies are applied to wages, the business production area must introduce new wages and production costs, pay off debts by production consumption prices, and lighten the burden of the budget. On the other hand, previous price differences which were scattered and lost with a majority slipped into the pockets of private merchants and those making an illegal living are now retained by the state through the trade business price and used to supplement the source of income of the budget.

The amount of cash used to pay wages after price subsidies are applied has increased by about four times. Naturally, it is necessary to prepare an amount of cash to answer these requirements. However, the manner in which this money revolves is important. When price subsidies are applied to wages, trade no longer sells goods at low prices and the conditions exist for rapidly expanding business; therefore, the money for paying wages is swiftly collected and rotated.

As presented above, the application of price subsidies to wages only resolves one step and to a limited degree the requirements for shifting from a price and wage policy following a bureaucratic and subsidization mechanism to one following a mechanism of socialist economic accounting and business. Achievement of this method returns many encouraging results to economy and life, and actively affects the social situation; but should not be considered as a "golden key" for resolving every problem. The actual situation indicates that application of price subsidies to wages leads to many problems that require continuous solution. When price subsidies are applied to wages, we only recalculate the wage expenditures in production costs (but not completely) and apply a retail sales policy in accordance with a single business price without readjusting the entire price system or completely renewing the price management mechanism. The various types of prices are one system of firm mutual relations. A partial readjustment has only a temporary effect; if continuing resolution is not carried out, contradictions will occur. The recalculation of wage expenses will affect prices because the live labor of a product will become past labor when that product continues to be active in the reproduction process. A retail sales price that has applied a versatile one-price mechanism will lead to requirements for a corresponding revision in the agricultural product purchase price policy. The purchase price of agricultural products is the most important component of export prices and is the basis for setting the internal account settlement rate of exchange. This rate of exchange determines the cost of imported equipment, materials and goods. The activity of these various types of prices dictates production costs and production consumption costs, including even retail sales prices. If only the retail sales prices are readjusted and the other types of prices continue to deviate from value, elimination of subsidization and a total shift to business accounting are impossible and the economic structure will run into difficulties.

In regards to wages, the application of price subsidies will recalculate the wages in accordance with the current supply standards. This standard will only be limited to a small number of essential goods while the requirements of life are extremely diverse. Goods outside the supply purview are all transferred to

business prices but are not figured in the wage subsidies which reduces the actual income of the wage earner. To compensate for this, a number of local areas have added an allowance when figuring wages. Thus, assurance of the living standards of the wage earner requires continuous resolution, not stopping at price subsidies to wages.

In the elimination of subsidization, the application of price subsidies to wages will only be resolved in supplied goods through trade. Because a number of other in-kind supplied items such as housing, electricity, water, medicines, etc. are not yet figured in wages, fairness and rationality have not yet been assured and negativism in this distribution field has not been halted. Cash allowances for dependent individuals are still not figured in wages and the budget must therefore continue to carry everything.

Therefore, the application of price subsidies to wages demands the continued improvement of wages along a direction of assuring the necessary standard of living for labor force reproduction. "Monetarizing" the items still carried under in-kind supply and establishing a system of new wage steps and charts are aimed at better achieving the principle of distribution in accordance with labor.

The application of price subsidies to wages leads to a requirement for synchronized and total solution of the price-wage-money problem in accordance with a viewpoint of shifting entirely to business accounting, an important reform in the heated and sensitive field of the management mechanism. It creates conditions for and simultaneously demands renewal of other steps in the management system, especially those of planning, market policies, apparatus and cadre organization, and assurance of the synchronized formation and thorough operation of the new management mechanism.

The present situation urgently demands solution of the price-wage-money problem within the social economic environment which is still unstable with abnormal changes. The problem is extremely complex and has a strong repressive effect. Its solution must be extremely urgent and firm.

7300
CSO: 4209/665

POPULATION, CUSTOMS, AND CULTURE

DAC LAC FATHERLAND FRONT ASSISTS ETHNIC MINORITY SETTLEMENT

Hanoi DAI DOAN KET in Vietnamese 31 Jul 85 p 2

[Article by Tran Van Lap, Vice Chairman of the Dac Lac Provincial Fatherland Front Committee: "Dac Lac Front and the Resettlement Campaign"]

[Text] One of the campaigns of the greatest political and social nature and achieving the most outstanding accomplishments in Dac Lac Province is that of the ethnic minorities resettling and building a new life while simultaneously bolstering and strengthening political security. The provincial front has considered it the cutting edge and emulation standard of front echelons and of the front's youth organizations because it is a problem of the most immediate practicality to the ethnic minorities and in itself assists in resolving the other problems in the rural ethnic minority areas.

In locations where ethnic Vietnamese are intermixed with the ethnic minorities, the front has organized sessions to study the overall minority policy of the party and the resettlement position in order for the ethnic minorities to discuss methods of mutual assistance and aid to each other. District and primary level fronts have held discussions with state farms, state forests, and units of the armed forces as well as ethnic Vietnamese about guiding and assisting the ethnic minorities throughout the resettlement process, and to create conditions for them to swiftly stabilize facilities for berthing, dining, production and daily life. Many localities have guided the ethnic minorities in the collective use of draft animals, collective efforts in sowing and transplanting rice seedlings, manufacturing ox carts and improved carts, digging wells, raising coffee and pepper, and building and roofing homes. Thanks mainly to educating, propagandizing and encouraging such a spirit of mutual aid and assistance, the ethnic minority bloc of solidarity has been steadily bolstered and strengthened.

Within the settlement campaign, great concern is given in front work to the widespread development of primary level front organizations, including party affairs committees and front teams, to all ethnic minority villages and hamlets, with fairly many village elders. Individuals with cultural standards and prestige serve as front cadres in organizing the village elders, old men and clan leaders in studying the settlement campaign, and front cadres have wholeheartedly listened to and collected their opinions for resolution. Many times, front work teams have visited each family to converse, persuade and clarify any of their ideologies still encountering impediments or concern.

Primary level front organizations also coordinate with the Ho Chi Minh Communist Youth Union, and rely on the young to serve as an assault force in the settlement campaign. In Cuor Dang Village of Cu Mgar District, some of the old people were unwilling to follow their children out of the forest to the new settlement area. The front coordinated with various organizations, especially the Youth Union and cooperatives, to assist in household separation, moving and building homes, digging wells, constructing buffalo, cattle and hog pens, and providing guidance in establishing orchards in the settlement area and then invited the old people to come and be persuaded. Finally, they listened and consented to follow their children. Now, 100 percent of the households of Cuor Dang Village have settled to form six agricultural cooperatives and to work 160 hectares of wet fields. The families have all assisted each other in digging wells, constructing bathhouses and privies, planting coffee, pepper and fruit trees, and building buffalo, cattle and hog pens (except for a number who moved during 1984 and have not finished). Relying primarily on the strength of the people with the assistance of the state, the village has constructed a new general school for 2,300 students, a kindergarten for 400 children, and a four-bed public health station, planted four hectares of medicinal plants, and established a network of sanitation personnel to visit the villages. The old people from Ea Tieu Village of Krong Ana District moved to the new settled area but some did not support damming up the water in Ea Ga Village to irrigate the fields because they were afraid that the "River" would punish and kill the people. However, water flowed into the fields, 100 hectares of extremely good rice were raised, harvests were high, the people were happy, and the elders competed for land and irrigated coffee in their own plots.

Since then, the old people of Ea Tieu Village have enthusiastically engaged in water conservancy or encouraged their children to do so. In Cu Du Cooperative of Cu Mia Village in MDrak District, 41 front teams have closely coordinated with the youth union, cooperative management board and production units to well-utilize the various cultural levels and well-known elders in the campaign; at this time, all 12 ethnic minority villages have basically completed settlement. The cooperative has launched a movement of land clearance to expand the area of wet rice, has planted sugarcane, is raising a herd of up to 600 buffaloes and cattle, has constructed a brick and tile kiln, and has opened a sugar production shop. At the present time, each resident receives 400 kilograms of grain annually. The hamlets and villages are gradually "tile-izing" each family. A wired radio loudspeaker network daily supports the spiritual lives of the ethnic minority people. Cu Du Agricultural Cooperative is presently the most advanced unit in the rural area of Dac Lac Province.

In locations with policies for moving the ethnic minorities into state farms and state forests, front organizations and cadres have closely coordinated with the board of directors and local governments in resolving the obstacles and concerns of the people such as their fears of hunger, sickness and elimination of their fine traditions and customs. In reality however, in nearly all the locations where they have both settled and entered state farms and state forests, their material and cultural lives have been constantly renewed.

Dac Lac Province has made an outstanding achievement in basically completing the settlement of 261 ethnic minority villages and hamlets (56 percent), fully shifting 4,405 families from 15 villages and 66 hamlets into state farms and

state forests, basically ending "chronic" hunger, and creating a new economic and social appearance for the ethnic minority people in the province. These results are primarily due to the efforts of the entire party organization and the entire people, including an active contribution by the front at all levels, especially at the primary level and by front teams within the areas populated by ethnic minorities.

7300

CSO: 4209/665

BIOGRAPHIC

INFORMATION ON VIETNAMESE PERSONALITIES

[The following information on Vietnamese personalities has been extracted from Vietnamese-language sources published in Hanoi, unless otherwise indicated. Asterisked job title indicates that this is the first known press reference to this individual functioning in this capacity.]

Phan Anh [PHAN ANH]

Chairman of the Vietnam Committee for the Defense of World Peace; chairman of the Vietnam Committee for the Year of World Peace Preservation; on 7 August 1985 he attended a meeting organized by his committee and the Vietnam-Japan Friendship Association. (NHAN DAN 8 Aug 85 p 1)

Lê Thành Ba [LEE THANH BA]

Chairman of the People's Committee, Dong Nai Province; recently he welcomed Trung Chinh, who visited his province. (QUAN DOI NHAN DAN 6 Aug 85 p 1)

Nguyễn Bá [NGUYEENX BAS]

Chairman of the People's Committee, Nghe Tinh Province; recently he welcomed Council of State Chairman Trung Chinh, when the latter visited his province. (HANOI MOI 25 Aug 85 p 1)

Nguyễn Văn Bắc [NGUYEENX VAWN BACS]

Vice-minister of water conservancy; deputy chief of the State Steering Committee for construction of the Tri An Hydroelectric Project; (QUAN DOI NHAN DAN 6 Aug 85 p 1)

Hà Văn Ban [HAF VAWN BAN]

*Deputy secretary of the CPV committee, Thanh Hoa Province; chairman of the People's Committee, Thanh Hoa Province; on 18 August 1985 he made a speech at a meeting in his province to commemorate the 40th anniversary of the August Revolution. (NHAN DAN 19 Aug 85 p 1)

Nguyễn Thụy Bảo [NGUYEENX THUYJ BAOR]

Standing member of CPV committee, vice chairman of the People's Committee Ha Bac Province; his article on his province appeared in the cited source.
(VAN HOA NGHE THUAT 20 Jul 85 p 3)

Trần Bình [TRAANF BINHF]

*Deputy secretary of the CPV committee, Ha Nam Ninh Province; on 21 June 1985 he attended a meeting between Ha Nam Ninh local authorities and the press
(Nam Dinh HA NAM NINH 25 Jul 85 p 1)

Vũ Trọng Canh [VUX TRONGJ CANHR] *Major General

His article about the anti-air missile forces appeared in the cited source.
(QUAN DOI NHAN DAN 24 Jul 85 p 2)

Nguyễn Quốc Chấn [NOONG QUOOC CHAANS]

Vice minister of culture; chairman of the Cultural Committee of Nationalities Department of the Vietnamese Writers Association; recently he attended a ceremony to commemorate the 40th anniversary of the August Revolution organized by the Nationalities Department, CPV Central Committee. (NHAN DAN 8 Aug 85 p 4)

Trịnh Ngọc Chú [TRINHJ NGOCJ CHUWX]

Deputy secretary of the CPV committee, Thanh Hoa Province; recently he welcomed Truong Chanh, chairman of the Council of State, when the latter visited his province. (HANOI MOI 25 Aug 85 p 1)

Nguyễn Dân [NGUYEENX DAANF]

Deputy secretary of the CPV committee, Haiphong; chairman of the People's Committee, Haiphong; on 12 May 1985 he attended the 30th anniversary of the liberation of Haiphong. (Haiphong HAI PHONG 13 May 85 p 4)

Hoàng Trọng Đại [HOANGF TRONGJ DALJ]

President of the Vietnam Chamber of Commerce and Industry; on 3 August 1985 he signed a protocol with the representative of the Russian Chamber of Commerce. (NHAN DAN 8 Aug 85 p 4)

Lê Minh Đào [LEE MINH DAOF]

Chairman of the People's Committee, Ben Tre Province; recently he welcomed Vice Chairman of the Council of State Nguyen Huu Tho when he visited Ben Tre Province. (NHAN DAN 10 Aug 85 p 1)

Tông Trần Đạo [TOONGS TRAANF DAOF]

Vice minister of agriculture; he received the medal "For the Young Generation" at a congress on food production and agricultural products for export organized by the Youth Union Central Committee in Hanoi from 7-9 August 1985. (TIEN PHONG 13-19 Aug 85 p 3)

Trần Đạo [TRAANF DAOJ]

Editor-in-chief of the newspaper Ha Nam Ninh; on 21 June 1985 he attended a meeting between Ha Nam Ninh local authorities and the press. (Nam Dinh HA NAM NINH 25 Jul 85 p 1)

Lương Công Đoàn [LUWOWNG COONG DOAN]

Secretary of the Ho Chi Minh Communist Youth Union; on 4 August 1985 he was present at the opening ceremony of the Fitness Congress "For the Fatherland's Security." (THE DUC THE THAO 6 Aug 85 p 1)

Nguyễn Văn Giản [NGUYEENX VAWN GIANR]

Deputy secretary of the CPV committee, Nghe Tinh Province; recently he welcomed Chairman of the Council of State Truong Chinh, when the latter visited his province. (HANOI MOI 25 Aug 85 p 1)

Phí Triệu Hàm [PHIS TRIEEUJ HAMF] Major General, deceased

Born in 1925 at Tu Cuong Village, Thanh Mien District, Hai Hung province; standing member of the Executive Committee of CPV committee, Hanoi; political officer of the Capital Military Region; he died following an illness on 23 July 1985 at the 108th Military Hospital. (QUAN DOI NHAN DAN 25 Jul 85 p 1)

Nguyễn Dường Hán [NGUYEENX ZUWOWNG HANS] Major General

Director of the Schools Department of the VPA's General Staff; his article about his department appeared in the cited source. (NHAN DAN 12 Aug 85 p 3)

Nguyễn Văn Hiếu [NGUYEENX VAWN HIEEUS]

Minister of culture; recently he attended a ceremony to commemorate the 40th anniversary of the August Revolution organized by the Nationalities Department CPV Central Committee. (NHAN DAN 8 Aug 85 p 4)

Nguyễn Huy Hiếu [NGUYEENX HUY HIEEUIJ] Colonel

Commander of B.90 Infantry Division; recently he was mentioned in an article about his division. (QUAN DOI NHAN DAN 8 Aug 85 p 2)

Hà Trọng Hòa [HAF TRONGJ HOAF]

Alternate member of the CPV Central Committee; secretary of the CPV committee, Thanh Hoa Province; recently he welcomed Truong Chinh, chairman of the Council of State, when the latter visited his province. (HANOI MOI 25 Aug 85)

Đinh Gia Huân [DINH GIA HUAANS]

Chairman of the People's Committee, Ha Nam Ninh Province; his article about the supreme organ of control activities in his province appeared in the cited source. (Nam Dinh HA NAM NINH 9 Aug 85 p 1)

Đặng Hương [DAWNGJ HUWOWNG] Colonel

His article about vehicle and machinery repair appeared in the cited source. (QUAN DOI NHAN DAN 13 Aug 85 p 3)

Văn Ba Kiem [VAWN BAS KIEEMS]

*SRV ambassador to Afghanistan; on 21 August 1985 he held a press conference in Kabul on the second meeting of the Ministers of Foreign Affairs of Cambodia, Laos and Vietnam. (HANOI MOI 25 Aug 85 p 4)

Nguyễn Mạnh Kiêm [NGUYEENX MANHJ KIEEMR]

Vice minister of buildings; he was present at the signing of an agreement between Finland and Vietnam on a water supply system for Hanoi. (Haiphong HAI PHONG 12 Jun 85 p 1)

Chu Văn Nam [CHU VAWN NAM] Lieutenant Colonel

Deputy chief of the Political Bureau, Radar Branch; he was mentioned in an article about his organization. (QUAN DOI NHAN DAN 25 Jul 85 p 2)

Nguyễn Văn Ngọc [NGUYEENX VAWN NGOCJ] Lieutenant Colonel

His article on water and modern warfare appeared in the cited source. (QUAN DOI NHAN DAN 4 Aug 85 p 2)

Tổng Xuan Nhuận [TOONGS XUAAN NHUAANJ]

Member of the Standing Committee of the provincial CPV committee and director of the Public Security Service, Thanh Hoa Province; he was mentioned in an article about his province. (QUAN DOI NHAN DAN 16 Aug 85 p 3)

Bá Nuôi [BAS NUOOI] Major General

Deputy commander of the 4th Military Region; recently he welcomed Chairman of Council of State Truong Chinh, when the latter visited his military region.

Lê Quân [LEE QUAAN] Colonel

Head of the Scientific Institute for Criminal Affairs (Vien Truong Vien Khoa Hoc Hinh Su); his name was mentioned in an article about the People's Public Security Forces published in the cited source. (KHOA HOC VA DOI SONG 26 Jul 85 p 4)

Vũ Sửu [VUX SUWUR]

Secretary of the provincial Ho Chi Minh Communist Youth Union, Hoang Lien Son Province; recently he attended a meeting of outstanding workers in Hai Hau District in Ha Nam Ninh. (Nam Dinh HA NAM NINH 12 Jul 85 p 1)

Nguyễn Công Tạn [NGUYEENX COONG TANJ]

Standing member of the Hanoi Municipal CPV Committee; *vice chairman of the People's Committee, Hanoi Municipality; recently he chaired a meeting to discuss antidrought means in rural Hanoi. (HANOI MOI 7 Aug 85 p 1)

Trần Đăng Thạch, Colonel, deceased

Born in 1917 at My Xa District in the suburbs of Nam Dinh, Ha Nam Ninh Province; former member of the CPV, Nam Dinh City, Ha Nam Ninh Province; political officer of the Ordnance Department of the Rear Services General Department; former head of the Political Department of the Technical General Department; he died on 9 August 1985 after a long illness at E Hospital in Nam Dinh Ha Nam Ninh. (NHAN DAN 11 Aug 85 p 4)

Đặng Văn Thân [DAWNGJ VAWN THAAN]

Acting director of the Posts and Telecommunications General Department; his article on his department appeared in the source. (NHAN DAN 12 Aug 85 p 3)

Lê Quốc Thân [LEE QUOOC THAAN]

*Deputy chief of the Internal Affairs Department [Pho Ban Noi Chinh Trung Uong] CPV Central Committee; on 12 May 1985 he attended the 30th anniversary of the liberation of Haiphong. (Haiphong HAI PHONG 13 May 85 p 4)

Đào Thiên Thi [DAOF THIEENJ THI]

Minister of labor; on 18 August 1985 he made a speech to commemorate the 40th anniversary of his ministry. (NHAN DAN 19 Aug 85 p 1)

Phan Huy Thiệp [PHAN HUY THIEEPJ]

His book on the Mongolian invasion in 1285 was mentioned at a conference in Ha Nam Ninh. (Nam Dinh HA NAM NINH 9 Jul 85 p 1)

Nguyễn Trung Tín [NGUYEENX TRUNG TINS]

Secretary of the CPV committee, Lam Dong Province; recently he welcomed Truong Chinh, who visited his province. (QUAN DOI NHAN DAN 26 Jul 85 p 1)

Vũ Trọng [VUX TRONGJ]

Deputy chief of the Forces Building General Department of the People's Public Security Forces; head of the Steering Committee of the Second Fitness Congress "For the Fatherland's Security"; on 8 August 1985 he attended the closing ceremony of this congress. (THE DUC THE THAO 13 Aug 85 p 1)

Lê Văn Triết [LEE VAWN TRIETS]

Alternate member of the CPV Central Committee; standing vice chairman of the Ho Chi Minh City People's Committee; on 17 August 1985 he attended a meeting to commemorate the 40th anniversary of the victory over Japanese militarism. (NHAN DAN 19 Aug 85 p 1)

Đinh Văn Tuy [DINH VAWN TUY]

Commander of the Border Defense Force; on 4 August 1985 he was present at opening ceremony of the Fitness Congress "For the Fatherland's Security." (THE DUC THE THAO 6 Aug 85 p 1)

CSO: 4209/6

END